ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 30.7m
ASX Share Price: AU$0.28
Market Cap.: AU$8.6m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$12.6m
Cash: AU$1.4m

ENTERPRISE VALUE
Enterprise Value: AU$11.2m
Resource: 306,000 oz
EV/oz resource: AU$36.6/oz
Market Cap./oz resource: AU$41.18/oz

Korab Resources Limited is a mining and exploration company based in Perth, Australia. Korab operates uranium, gold, zinc, copper, cobalt and magnesium projects in Western Australia and the Northern Territory.

Information about Korab's projects may be sourced from Korab Resources website at www.korabresources.com.au

Level 6
105 St. George's Tce
Perth WA 6000
Australia
Tel: +61 (8) 9322 4553
Fax: +61 (8) 9322 4554

PO Box Z5447
St. George's Tce
Perth WA 6831

Tuesday, 31 October 2006

By Electronic Lodgement

Company Announcements Office
Australian Stock Exchange Limited
2 The Esplanade
PERTH WA 6000

QUARTERLY ACTIVITY REPORT
QUARTER ENDING 30 SEPTEMBER 2006

NEW PROJECTS ACQUISITIONS AND JOINT VENTURES

During the quarter, Korab has received a number of offers from third parties which invited Korab to farm into or acquire various uranium project. Following our review of these projects the Company has moved to acquire the projects as part of its longer term strategy. At the time of writing, Korab had interest in or was earning interest in 9 projects in Western Australia and the Northern Territory (see Diagram 1).

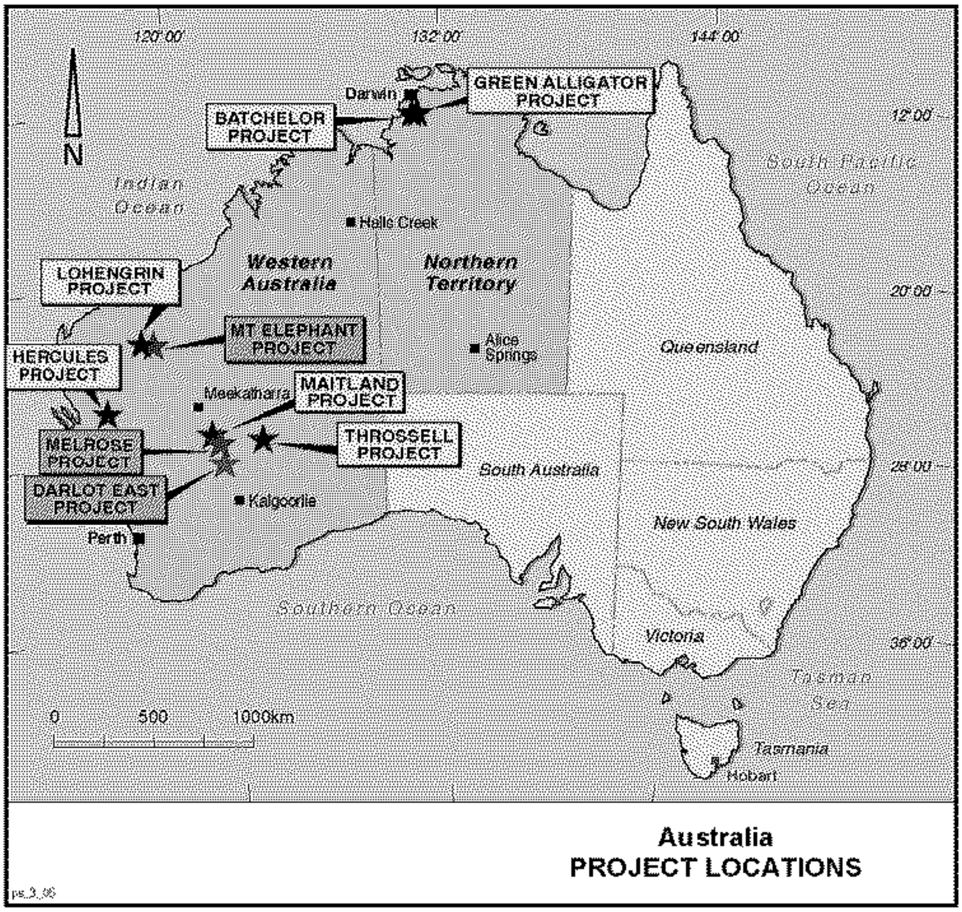

Diagram 1 – Australian Projects' Locations

KORAB

ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 30.7m
ASX Share Price: AU$0.28
Market Cap.: AU$8.6m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$12.6m
Cash: AU$1.4m

ENTERPRISE VALUE
Enterprise Value: AU$11.2m
Resource: 306,000 oz
EV/oz resource: AU$36.6/oz
Market Cap./oz resource: AU$41.18/oz

Korab Resources Limited is a mining and exploration company based in Perth, Australia. Korab operates uranium, gold, zinc, copper, cobalt and magnesium projects in Western Australia and the Northern Territory.

Information about Korab's projects may be sourced from Korab Resources website at www.korabresources.com.au

Level 6
105 St. George's Tce
Perth WA 6000
Australia
Tel: +61 (8) 9322 4553
Fax: +61 (8) 9322 4554

PO Box Z5447
St. George's Tce
Perth WA 6831

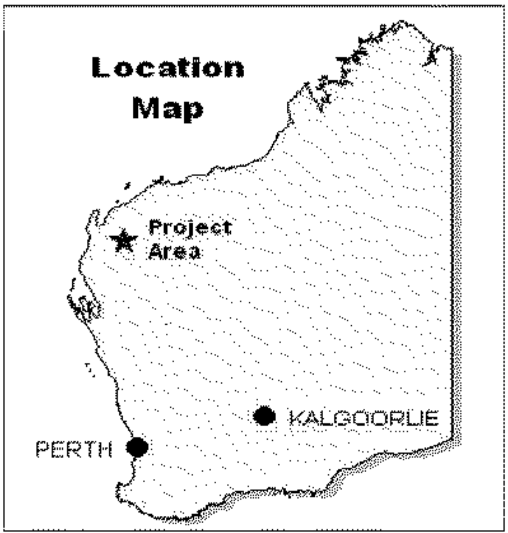

Diagram 2 – Tank Well Project

As previously announced, during the September quarter Korab has acquired 100% interest in the Hercules Uranium Project which covers highly prospective uranium ground in the Gascoyne region of Western Australia (see Diagram 1)

As part of its overall strategy Korab has also substantially enlarged both the Green Alligator Project in the Northern Territory and the Melrose Project in Western Australia.

Subsequent to the end of the quarter, Korab has acquired 100% interest in the Tank Well Uranium Project located in the northern section of the Gascoyne region of Western Australia (see Diagram 2).

EXPLORATION AND DEVELOPMENT ACTIVITY

Melrose Project Scoping Study

During the quarter Korab continued to focus on becoming cash flow positive. To this end Korab has progressed the scoping study to the stage where it is currently awaiting commencement of the final drilling program which will provide samples for leach testing. Subject to availability of the rig, the program is scheduled to begin in the second week of November and baring any unforeseen events should take 10 days to complete.

In addition to providing ore material for metallurgy testing, the program will provide additional geological information enhancing our understanding of the mineralisation and its controls. Furthermore, the drilling program will produce geochemical assay data which will be incorporated into the resource model. It is expected that following the completion of the metallurgy tests, Korab will be able to conclude the pit optimisation and choose the processing option.

The Melrose Project is located 400km north of Kalgoorlie and 170km north of Leonora and comprises tenements covering 278.8 km^2 . 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 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 70km to the southeast.

As announced earlier to the market, Melrose project contains a global indicated and inferred resource of 6.67 million tones at an average grade of 1.43 g/t gold for a total of 306,000 ounces.

Nickel Potential of the Melrose Project

As announced in the June quarter report, Korab has been approached by a multinational resources company interest in reviewing the Melrose Project exploration data with a focus on nickel prospectivity of the Project. During the September quarter Korab has received an expression of interest from a second resources company regarding the nickel potential of our Melrose Project. Korab is currently awaiting the results of the review from the first company while we are assessing the proposal received from the second company. It is

KORAB

ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 30.7m
ASX Share Price: AU$0.28
Market Cap.: AU$8.6m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$12.6m
Cash: AU$1.4m

ENTERPRISE VALUE
Enterprise Value: AU$11.2m
Resource: 306,000 oz
EV/oz resource: AU$36.6/oz
Market Cap./oz resource: AU$41.18/oz

Korab Resources Limited is a mining and exploration company based in Perth, Australia. Korab operates uranium, gold, zinc, copper, cobalt and magnesium projects in Western Australia and the Northern Territory.

Information about Korab's projects may be sourced from Korab Resources website at www.korabresources.com.au

Level 6
105 St. George's Tce
Perth WA 6000
Australia
Tel: +61 (8) 9322 4553
Fax: +61 (8) 9322 4554

PO Box Z5447
St. George's Tce
Perth WA 6831

expected that the decision regarding potential formation of a joint venture with one of the parties will be made in late November or early December.

Throssell

The Throssell Joint Venture covers an area of approximately 800 km^2 around and across Lake Throssell and is located on the eastern margin of the Yilgarn Craton 400 km north/north-east of Kalgoorlie in Western Australia.

In the June 2006 Quarterly Activity Report, Korab has announced that it will commence a drilling program consisting of up to seven reverse circulation drill holes, each with a projected depth of up to 200 metres. Following the consultations with our joint venture partners and also as a consequence of personnel and equipment shortage the program has been deferred to the second half of November 2006. As previously announced, the program will target several gravity and coincident magnetic targets on the south and south east extreme of the Lake Throssell.

At Throssell, Korab is targeting calcretic style uranium mineralisation within the shallow palaeochannel draining hot granites. Areas to the south of Lake Throssell contain occurrences of Carnotite (uranium ore) and several radiometric anomalies. The anomalism is associated with the same palaeochannel which contains the Thatcher Soak uranium deposit further to the south west of the Lake Throssell.

In addition to testing the shallow uranium targets, Korab will test for the underlying Archaean basement rocks associated with the gold and copper mineralisation in the area.

Batchelor and Green Alligator Projects (BGA projects)

The Batchelor Project is located in the Northern Territory near the town of Batchelor, 1 km east and along strike from the Rum Jungle Creek South uranium mine. It covers prospective Lower Proterozozic sediments which have locally hosted economic deposits of uranium, copper, zinc, lead and gold. This includes a significant deposit of lead/copper/cobalt and nickel which is currently the subject of a feasibility study by Compass Resources at Browns.

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

Magnesite exploration within the Batchelor project 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 (also at Batchelor) 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. As outlined in our prospectus, close spaced drilling by Mt Grace Resources NL over the Winchester deposit 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 is considered sufficient for over 25 years of production at a rate of 50,000 tones per annum of magnesium metal. The project has reached feasibility study stage.

As announced few months ago Korab has commenced field work at the BGA projects. The drilling rig which was booked to conduct the drilling program was sent to the workshop for modifications prior to the commencement of drilling. Consequently, the exploration program and the field work at Batchelor has so far been limited to the acquisition and analysis of geochemical, radiometric and electro-magnetic data. Continued problems with securing

KORAB

ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 30.7m
ASX Share Price: AU$0.28
Market Cap.: AU$8.6m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$12.6m
Cash: AU$1.4m

ENTERPRISE VALUE
Enterprise Value: AU$11.2m
Resource: 306,000 oz
EV/oz resource: AU$36.6/oz
Market Cap./oz resource: AU$41.18/oz

Korab Resources Limited is a mining and exploration company based in Perth, Australia. Korab operates uranium, gold, zinc, copper, cobalt and magnesium projects in Western Australia and the Northern Territory.

Information about Korab's projects may be sourced from Korab Resources website at www.korabresources.com.au

personnel and equipment show clearly that the resources boom has its downside not just for the majors but also for smaller companies. Baring any new impediments, it is expected that that rig and the personnel will be available to commence the drilling program shortly, however given the delays that have already occurred, Korab is considering adoption of general policy of not making announcements regarding the drilling programs until the rig has reached, or is about to reach the drill site and is ready to drill.

Maitland Joint Venture

As announced to ASX on 27 September 2005, Korab is earning a 60% interest in the Maitland Joint Venture project by spending $600,000 over 3 years from the time of the grant of the tenements. The project consists of exploration licence applications and prospecting licence applications applied for under the Reversion Legislation which came into effect in February 2006. It is anticipated that the licence will be granted in the last quarter of 2006.

The Maitland Joint Venture project lies adjacent to and adjoins Redport's Lake Maitland project. Redport is currently subject of a takeover offer from Canada's Mega Uranium.

In their recent announcement Redport discussed the estimated uranium resource within the Lake Maitland project and within the sections of Korab's Maitland Joint Venture project. Independent consultant group Hellman and Schofield completed on behalf of Redport an evaluation of the Lake Maitland project and of the extensions to the uranium mineralisation which continue into the Maitland Joint Venture project.

This evaluation has shown that the mineralised extensions within Korab's Maitland Joint Venture project contain a JORC compliant Inferred Mineral Resource of 966 tones of U_3O_8, based on a 100ppm cut-off.

At the current U_3O_8 market price of AU$71/lb, the in-situ value of the resource delineated within the Korab's Maitland Joint Venture project by Hellman and Schofield is around AU$151 million. On this basis, 60% earn-in interest has an in ground value of AU$93 million compared with the AU$12 million fully diluted market capitalisation of Korab.

Korab, as the operator of the Maitland Joint Venture project is currently preparing an exploration program to further target the uranium potential of this area. In addition, studies have indicated that the Maitland Joint Venture project area overlies lithologies with the potential to host gold mineralisation. The upcoming field programme will consequently explore for both commodities with a combination of near surface as well as deeper exploration techniques.

CORPORATE ACTIVITY

As outlined in earlier announcements and presentations, Korab intends to continue pursuing the strategy of becoming a major holder of mineral properties while spinning-off the rights to selected commodities (eg. uranium and thorium) into a new ASX listed company. It is anticipated that Korab shareholders would be entitled to receive free shares in the capital of new company and would also be entitled to a priority allotment of shares issued under IPO prospectus.

As part of this strategy, it is anticipated that Korab will focus on income generation through its participation in the development of - or acquisition of interest in - advanced mineral properties which either already are in, or can be put into production in a relatively short time.

Level 6
105 St. George's Tce
Perth WA 6000
Australia
Tel: +61 (8) 9322 4553
Fax: +61 (8) 9322 4554

PO Box Z5447
St. George's Tce
Perth WA 6831

KORAB

ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 30.7m
ASX Share Price: AU$0.28
Market Cap.: AU$8.6m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$12.6m
Cash: AU$1.4m

ENTERPRISE VALUE
Enterprise Value: AU$11.2m
Resource: 306,000 oz
EV/oz resource: AU$36.6/oz
Market Cap./oz resource: AU$41.18/oz

Korab Resources Limited is a mining and exploration company based in Perth, Australia. Korab operates uranium, gold, zinc, copper, cobalt and magnesium projects in Western Australia and the Northern Territory.

Information about Korab's projects may be sourced from Korab Resources website at www.korabresources.com.au

It is expected that following the spin-off Korab would retain exposure to the exploration upside through either a royalty on, or a free carried interest in any resource defined within Korab's mineral properties. In addition to that, it is anticipated that Korab would maintain substantial share holdings in the company being spun-off.

Other than discussed above there have been no significant events on the corporate front during the quarter.

Regards

Andrej C.K. Karpinski, FAICD, F Fin
EXECUTIVE CHAIRMAN

Level 6
105 St. George's Tce
Perth WA 6000
Australia
Tel: +61 (8) 9322 4553
Fax: +61 (8) 9322 4554

PO Box Z5447
St. George's Tce
Perth WA 6831