KORAB

ASX TRADING CODE: KOR

SHARE INFORMATION
ASX Listed Shares: 25.7m
ASX Share Price: AU$0.85
Market Cap.: AU$21.85m

FULLY DILUTED BASIS
Issued Shares: 45m
Market Cap.: AU$38.25m
Cash: AU$1.1m

ENTERPRISE VALUE
Enterprise Value: AU$37.15m
Resource: 306,000 oz
EV/oz resource: AU$121.41/oz
Market Cap./oz resource: AU$125/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

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Wednesday, 31 January 2007

By Electronic Lodgement

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

QUARTERLY ACTIVITY REPORT
QUARTER ENDING 31 DECEMBER 2006

EXPLORATION AND DEVELOPMENT ACTIVITY

Melrose Project Scoping Study

During the quarter Korab's exploration and development activities focused on progressing the scoping study at the Melrose gold project.

The Melrose gold 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. Our scoping study is focusing on assessing what proportion of this global resource could be developed as a bulk mining operation. The study is still in progress.

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.

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 of 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.

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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 production at a rate of 50,000 tones per annum of magnesium metal. The project has reached feasibility study stage.

During the quarter, the exploration program at Batchelor and Green Alligator was limited to the acquisition and analysis of geochemical, radiometric and electro-magnetic data. This has led to the review of the proposed exploration program for the BGA projects. The review has produced several drill targets which have been incorporated into the original program. Korab is currently in the process of securing the permits and drilling rigs and it is expected that the drilling program will commence once the wet season is over.

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 and gold projects. Upon completion of the evaluation of the proposals, Korab has acquired additional ground at the Hercules project increasing the total area of the project to 9,416 square kilometres.

CRA Exploration P/L undertook exploration in the area prior to selling the results to PNC Exploration Australia P/L (PNC). During the early 1990's PNC has explored the central sections of the Project for uranium. Exploration included drilling, geophysical surveys (EM, radiometry, magnetics), sampling of soil and rocks, downhole radiometry and radon detection.

PNC was successful in locating several radiometric anomalies within the central sections of the project. Some of the anomalies have been tested by drilling, whereas others have been only sampled at the surface.

46 of the 420 grab samples collected over the central sections of the project have assayed over 50 ppm uranium, with 5 samples assaying over 1,000 ppm uranium.
This includes one sample assaying around 250,000 ppm uranium.

Despite success in establishing several uranium/thorium anomalies, PNC decided to surrender the leases in 1995 due to low uranium prices which at that time appeared to be heading south following a fall to around US$9 per pound.

Since 1995, the uranium oxide price has risen over 580% to around US$61 per pound. Consequently, Korab perceives the Project to be offering considerable upside to the Company. In the current climate of rapidly rising uranium prices and the growing support within the Labour Party for the abolition of its blanket ban on uranium mining in Western Australia, the Project has a potential to provide our shareholders with significant level of exposure to the uranium/thorium market.

CORPORATE ACTIVITY

In November 2006, the Company announced intention to spin-off its uranium assets into a new company with a plan for Korab shareholders to receive free shares in the new company.

In December 2006 Korab has opened an office in Beijing, China to facilitate negotiations with potential strategic partners and to enable us to establish closer relationship with Chinese public and private entities operating within the resources sector.

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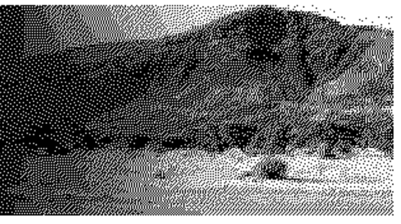

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Regards

Andrej K. Karpinski, FAICD, F Fin
EXECUTIVE CHAIRMAN

Note:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, who is an independent geological consultant and is a corporate member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle has in excess of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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