KORAB RESOURCES LIMITED & CONTROLLED ENTITIES
ABN 17 082 140 252

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

KORAB RESOURCES LIMITED & CONTROLLED ENTITIES
ABN 17 082 140 252

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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CORPORATE DIRECTORY

DIRECTORS
Andrej K. Karpinski (Executive Chairman)
Rodney H.J. Skeet (Non-Executive Director)
Derek Lenartowicz (Non-Executive Director)
Jennifer Cockman (Alternate Director for Derek Lenartowicz)

COMPANY SECRETARY
Mr Andrej Karpinski

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AUDITORS
Cormac Sharkey & Co
1st Floor, 216 Stirling Highway
Claremont, Western Australia 6010

SHARE REGISTRAR
Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia 6009
PO Box 1156
Nedlands, Western Australia 6909
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

STOCK EXCHANGE LISTING
Australian Securities Exchange Limited
(Home Exchange: Perth, Western Australia)
Code: KOR

DIRECTORS' REPORT

The directors of Korab Resources Limited submit herewith the financial report of the company and its controlled entities for the financial year ended 30 June 2008. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the year:

Andrej K. Karpinski (Executive Chairman)
Malcolm J. McKenzie (Non-Executive Director) (retired 30 November 2007).
Rodney H.J. Skeet (Non-Executive Director)
Derek Lenartowicz (Non-Executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person has held the position of company secretary during or at the end of the financial year:

Andrej K. Karpinski

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the year was evaluation and acquisition of the third party mineral properties, together with mineral exploration.

There were no significant changes in the nature of the Entity's principal activities during the financial year.

OPERATING RESULTS

The loss (2007: profit) of the Group after providing for income tax and eliminating minority equity interests amounted to $1,106,909 (2007: $1,121,965).

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

REVIEW OF OPERATIONS

During the year to 30 June 2008 Korab Resources has conducted exploration for uranium, gold, base metals, nickel, iron ore and phosphates in Australia and overseas using staff and contract geologists based in Perth, Adelaide, Darwin, Batchelor, Kiev and Antrasyt.

Korab has also commenced development of the Bobrikovo gold and silver deposit in eastern Ukraine. Prior to the commencement of operations geological teams from Korab and its subsidiary companies have undertaken multiple explorations visits to the site of the Bobrikovo deposit. In addition, Korab and its subsidiaries conducted extensive review of the past explorations data and completed modelling of the gold and silver resources at Bobrikovo. The Company has also engaged independent contractors based in Kiev and Perth to complete a technical and financial modelling study to confirm the results of the feasibility study earlier completed by the vendors of the Bobrikovo deposit.

REVIEW OF OPERATIONS (Continued)

Korab and its subsidiaries have also conducted exploration programs in Australia where we have completed a number of site visits, several resource modelling programs and reviews of newly acquired geophysical and geochemical data covering projects in Western Australia and the Northern Territory.

The main areas where work was focused were:

Melrose (gold, nickel, iron ore) – WA
Batchelor (phosphate, gold, magnesium, uranium, iron ore, zinc, nickel) – NT
Green Alligator (gold, iron ore, zinc, lead, uranium) – NT
Throssell (uranium) – WA
Hercules (uranium, phosphate, iron ore) – WA
Lohengrin (uranium, phosphate, iron ore) – WA
Mt. Elephant (copper, gold, uranium) – WA
Tank Well (uranium) – WA
Yalinga Bore (uranium) – WA
Bobrikovo (gold, silver, uranium) – Ukraine

For more details regarding exploration activities, project acquisitions and reviews please refer to the following summary of ASX announcements or to Korab Resources Ltd website at www.korabresources.com.au

On 11th July 2007 Korab announced purchase of the Batchelor Project in the Rum Jungle region of the Northern Territory. Under the agreement, Korab was to acquire a 90% interest in the project with the vendors – New world Alloys Ltd – retaining a 10% free carried interest. The project contains a number of base metals, magnesium, gold and radiometric anomalies. Project is located near the town of Batchelor. It covers prospective Lower Proterozoic sediments that hosted economic deposits of uranium, copper, zinc, lead and gold, such as Rum Jungle (U), Woodcutters (Pb-Zn-Ag), Browns (Pb-Cu-Ni-Co), Adelaide River, Sundance (Zn-Pb-Au); Winchester (Mg). The latter two are contained within the Company's tenements. The Rum Jungle uranium mines operated from 1954 to 1971 and produced 3,530 tonnes of uranium oxide from 863,000 tonnes of ore grading between 0.27% and 0.43%. The uranium mineralisation at Rum Jungle area was discovered in 1949, when secondary uranium minerals were found near Rum Jungle at the site of the now mined-out Whites deposit. Subsequent exploration led to the discovery of the Dysons, Intermediate, Whites, Rum Jungle Creek South, Mount Burton and Mount Fitch deposits, and several smaller occurrences. These deposits were mined during 1954-1970 by Territory Enterprises Pty Ltd. In the early 1980s, Uranerz Australia renewed uranium exploration in the Rum Jungle field and discovered the Kylie deposit. Compass Resources NL estimated the Mt Fitch Uranium resource using a variety of cut offs. Using a 0.75 lbs cut the resource comprises 8.9 million pounds of contained U_30_8 at a grade of 1.01 lbs/tonne which increases to 14.5 million pounds at a cut off of 0.5 lbs/tonne. At the Woodcutters Mine, 6 million tonnes of ore was mined at a grade of 12% zinc & 6% lead. Within the Batchelor Project area significant zinc mineralization has been intersected at the White Bomb Prospect, 3.5 km southeast of Winchester. The best intersection to date is 6 m at 11.7% Zn.

On 16th July 2007 Korab announced the purchase of the Mt. Elephant Project in the Gascoyne province of Western Australia from Renaissance Corporation Pty Ltd. The Mt. Elephant gold and base metal project is located 36 kilometres south southwest of Parabardoo Western Australia. The project area is located in the Ashburton Basin and covers a 12 kilometre thick succession of low grade metasedimentary and metavolcanic rocks of the Wyloo Group. Within the Wyloo Group two units are considered as prospective: the Duck Creek Dolomite (gold) and the Ashburton Formation (gold, base metals, uranium). Two directions of paleochannels have been recognised: northwest and north-north-east. During 1979–1992, exploration for uranium was carried out within the broad area centred approximately 75km southeast of Paraburdoo. At Canyon Creek, uranium mineralization was found in tectonized dolomite breccia with limonite, pyrite and haematite.

On 10th September 2007 Korab announced amendment to the Batchelor Project purchase agreement. Under the new terms of the agreement Korab and its subsidiary Uranium Australia have acquired a 100% of the Batchelor Project for $900,000 cash.

REVIEW OF OPERATIONS (Continued)

On 18th February 2008 Korab announced that its subsidiary Lugansk Gold Ltd has agreed to purchase of 74% equity in Bobrikovo gold and silver project in eastern Ukraine. Nagolny Ridge, which hosts the Bobrikovo deposit is considered prospective for gold and silver. The structure is part of a large intra-continental Phanerozoic structure that extends from southern Europe east to Central Asia and which contains several world-class gold deposits including Muruntau, Vysokovoltnoe, and Bakirchic. The type of gold mineralisation at Bobrikovo is similar in style to Sukhoi Log gold deposit in Russia. Substantial amount of drilling and other exploration has been completed on this project by the Geological Service of Ukraine. The mineralisation occurs at the intersection of deep fault zone. The oxidised zone of the deposit begins at the surface and extends down to 35 m. Below the oxide zone, sulphide gold mineralisation continues to a depth of 3,000 meters. The transaction was completed on 16th April 2008.

In April 2008 Korab has completed a pro-rata rights issue to Korab shareholders on a basis of 1 rights issue share for each 2 Korab shares held. The shares were issued at 7 cents each, and the issue was fully underwritten by BBY Ltd.

On 5th May 2008 Korab announced that its subsidiary Uranium Australia Ltd has entered into an option agreement to purchase the East Alice Springs, Mt Ida and Mt Michael projects in the Northern Territory and Blue Mountain project in Queensland. The projects are prospective for uranium mineralisation and contain radiometric and geochemical anomalies.

On 12th May 2008 Korab announced that it has been informed by third parties about the presence of phosphate rock within the tenement AN-515 at the Batchelor Project in the Northern Territory.

On 30th June 2008 Korab provided an update on the progress of development of the Bobrikovo gold and silver deposit in Ukraine. By the end of June, the pre-strip of ore has been completed and the contractors were establishing the site infrastructure including ore construction of ore storage pads, tailings dump, access road and office facilities. This work is expected to be completed by early October 2008.

Subsequent to the end of the 2008 financial year, on 18th July 2008, Korab has announced that it has completed a review of the past exploration at the East Alice Springs projects in the Northern Territory. The review has confirmed presence of a number of radiometric and geochemical anomalies suggesting concentrations of rock phosphate, uranium, zinc and copper among other minerals. Given the current market interest in phosphate exploration and the project's proximity to established infrastructure which could potentially allow for speeding up of the development of any commercially viable mineralisation, Korab has focused the review on the phosphate potential of the project. The East Alice springs project contains phosphatic anomaly coincident with a large scale radiometric anomaly in the eastern section of the project which has been drill tested in 1974 using percussion drilling. Drill hole RR2 has intersected 6 meters at 22.8% P_2O_5 and drill hole RR1 has intersected 2 meters at 4.3% P_2O_5 in phosphatic calcareous silty shale. The lateral size of the radiometric anomaly with which the phosphatic anomaly coincides is approximately 1 km long by 0.5 km wide.

Also following the end of the 2008 financial year, Korab has undertaken geochemical sampling and geophysical survey program at the Batchelor Project in the Northern Territory targeting phosphate rock, iron ore, nickel, gold and base metals. These programs are continuing. Early results announced to the market on 23rd and 28th July 2008, 4th August 2008 and 3rd September 2008 indicate extensive phosphate mineralisation within Castlemaine Hill which is almost totally contained within the Batchelor Project.

During 1960-ties and 1970-ties, the Northern Territory Geological Survey (NTGS) and Bureau of Mineral Resources (BMR) conducted exploration of the area near Rum Jungle Creek South for uranium and rock phosphate. Several phosphate deposits have been identified on Castlemaine Hill as part of this government program. One of the deposits identified by BMR on Castlemaine Hill was Geolsec phosphate deposit where government drilling during 1960-ties has identified an extensive zone of mineralisation which is well described in scientific literature. During the period from October 2008 to January 2009 Korab will continued the exploration at Bachelor and Green Alligator with a primary focus on search for rock phosphate, iron ore, nickel, gold, and base metals. The company will also continue to work towards confirming a rock phosphate mineral resource at Geolsec deposit where we will be targeting between 900 thousand and 1 million tonnes grading between 10% and 13% including a higher grade section between 200 thousand and 300 thousand tonnes grading between 20% and 25%. This target is conceptual in nature. There has been insufficient exploration to date to define a mineral resource compliant with the JORC code and it is uncertain if Korab's exploration program will result in determination of a JORC code compliant mineral resource.

REVIEW OF OPERATIONS (Continued)

Notwithstanding the above, Korab is currently evaluating development options for the Geolsec rock phosphate deposit. The options under consideration include: a sale of the whole or of the part of the deposit, a joint venture with another miner to develop the deposit, or an off-take agreement with a fertiliser producer.

On the corporate front, Korab has decided to proceed with the spin-off of its subsidiary Uranium Australia and to seek its listing on ASX. Korab shareholders are to receive free shares in the spin-off (subject to shareholder, ASX and regulatory approvals) as an in-specie distribution of 1.5 Uranium Australia shares for each Korab share held. ASX listing rules and the Corporations Act require Korab to seek shareholder approval at a general meeting before it can undertake in-specie distribution of Uranium Australia shares to Korab shareholders. Korab has submitted the notice of the meeting for review by ASX and both Korab and Uranium Australia have made submissions for in-principle advice to ASIC and ASX. The notice of the meeting will be dispatched to Korab shareholders once it has been reviewed and approved by ASX and after Korab and Uranium Australia have received in-principle advice regarding the matters raised in their submissions. The cut-off date for the participation in the distribution of Uranium Australia shares is likely to be on or about the date of the meeting.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Economic Entity occurred during the financial year:

During the year the company successfully completed a 1 for 2 non-renounceable pro-rata rights issue of 22,500,000 ordinary shares at an issue price of A$0.07 to raise A$1,575,000 before costs.

Other than stated above, there were no significant changes in the state of affairs of the Company during the financial year.

SUBSEQUENT EVENTS

On 15th September 2008 the Company announced that its subsidiary, Uranium Australia Limited ("UA"), has made submissions to ASX and ASIC regarding the spin-off of UA from Korab Resources and is now awaiting their response. Subject to the regulatory and ASX approval, Korab plans to hold a general meeting of its shareholders to approve (among other resolutions) the spin-off of UA and the *in-specie* distribution of free UA shares to Korab shareholders on a basis of 1.5 free shares for every 1 Korab share held. Thereafter, UA will seek to raise between $2 million and $3 million at a price of 20 cents per share under an IPO prospectus.

Except for the above, in the opinion of the Directors, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' REPORT (Continued)

INFORMATION ON DIRECTORS

The names and details of the Korab Resources Limited ("Company") directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrej C.K.S. Karpinski, FAICD, F Fin *(Executive Chairman)*

Responsibilities: Mr. Karpinski has responsibilities for business development, all capital raisings, investor relations, ASX liaison, risk identification and management, strategic direction and financial management of the Company, performance evaluations and corporate governance.

Qualifications: 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. 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, and a Fellow of FINSIA. Mr. Karpinski is the founder of Korab Resources Limited and he has been its Executive Chairman since March 1998 when the Company was incorporated.

Other Directorships: Uranium Australia Limited, Rheinemann Ltd

Malcolm J. (John) McKenzie *(Non-Executive Director) (retired 30 November 2007)*

Responsibilities: Mr. McKenzie has contributed his strategic planning and administrative skills as well as corporate governance knowledge.

Qualifications: 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 5 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.

Rodney H. J. Skeet *(Non-Executive Director)*

Responsibilities: Mr. Skeet has contributed his resources financing skills as well as his investment banking and resources sector contacts.

Qualifications: 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 5 years. He brings to the Company his broad network of international contacts within resources and securities sectors and his expertise in resources financing.

Derek Lenartowicz *(Non-Executive Director)*

Responsibilities: Mr. Lenartowicz contributed to the Company his extensive project development and mining experience.

Qualifications: Mr. Lenartowicz's background is in mine management and corporate management. He brings to the Company extensive project development and mining experience gained with major Australian resources companies at a senior management level. He is a mining engineer with significant experience in developing and operating large scale resource projects. His is currently the Managing Director of Sultan Corporation Ltd. Mr. Lenartowicz has been appointed Director of Korab in April 2006.

Other Directorships: Sultan Corporation Ltd

MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year each director held office during the financial year and the number of meetings attended by each director is:

Director	Number Eligible to Attend	Meetings Attended
Andrej K. Karpinski	17	17
Malcolm J. McKenzie (retired 30 November 2007)	6	6
Rodney H.J. Skeet	17	13
Derek Lenartowicz	17	15

The Company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

FUTURE DEVELOPMENTS

Likely future developments in the operations of the Company are referred to in the Chairman's Report. Other than as referred to in this report, further information as to likely developments in the operations of the economic entity and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the economic entity and its shareholders.

ENVIRONMENTAL ISSUES

The Company's exploration activities are subject to the mining acts in the State and Territory in which it operates (Western Australia and the Northern Territory). The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

REMUNERATION REPORT

This report details the type and amount of remuneration for each director of Korab Resources Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and Motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Korab Resources Limited

The remuneration of an Executive Chairman is decided by the non-executive Directors pending the formation of the Remuneration Committee.. In determining competitive remuneration rates the Directors review local and international trends among comparative companies and the industry generally.

The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Performance Based Remuneration

The company has not paid bonuses to directors or executives to date.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

It is the intention of the Board to tailor the remuneration policy to maximise the commonality of goals between shareholders and directors and executives. The method which is most likely to achieve this aim is the issue of options to Directors to encourage the alignment of personal and shareholder interests. Company believes this policy will be the most effective in increasing shareholder wealth. It is anticipated that within the next 12 months Korab's board will develop in conjunction with outside consultants an option based employee incentive program which will then be submitted to shareholders for approval.

During the year the Directors focussed on progressing the 'spin off' of its subsidiary, Uranium Australia Limited by way of an *in specie* distribution of its shares, together with a proposed IPO and listing of its shares on ASX.

Employment Contracts of Directors and Senior Executives

As at the end of 2008 financial year there were no contracts of employment. The employment conditions of employees were formalised in contracts of employment in July 2008.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares and options of the Company are:

Directors	Ordinary Shares					Options		
	Balance at beginning of year	Purchases	Balance at end of year	Purchases following end of year	Balance at the date of this report	Balance at beginning of year	Exercised	Balance at end of year
Andrej Karpinski	12,030,000	8,045,000	20,075,000	-	20,075,000	0	0	0
Rodney Skeet	339,703	239,705	579,408	0	579,408	0	0	0
Derek Lenartowicz	0	0	0	0	0	0	0	0

Key management personnel
The following persons were key management personnel of Korab Resources Limited during the financial year:

Name	***Position Held***
Andrej Karpinski	Executive chairman
Malcolm McKenzie (retired 30th November 2008)	Non-executive director
Rodney Skeet	Non-executive director
Derek Lenartowicz	Non-executive director
Jennifer Cockman	Alternate Director for Derek Lenartowicz

Remuneration of key management personnel for the year ended 30 June 2008

2008	***Andrej Karpinski*** **$**	***Derek Lenartowicz*** **$**	***Malcolm McKenzie*** **$**	***Rodney Skeet*** **$**	***Total*** **$**
Short-term benefits					
Cash salary	300,000*	26,000	13,000	26,000	365,000
Post-Employment Benefits					
Pension and superannuation	27,000	2,340	1,170	2,340	32,850
Total	**327,000**	**28,340**	**14,170**	**28,340**	**397,850**
2007	**$**	**$**	**$**	**$**	**$**
Short-term benefits					
Cash salary	307,605	25,000	25,000	25,000	382,605
Post-Employment Benefits					
Pension and superannuation	-	2,700	3,330	4,275	10,305
Total	**307,605**	**27,700**	**28,330**	**29,275**	**392,910**

*This amount comprises executive services fees paid to Rheingold Investments Corporation Pty Ltd, a company under the control of Andrej Karpinski.

Compensation options granted and exercised during the year ended 30 June 2008
No remuneration options were granted or exercised during the year ended 30 June 2008.

Performance income as a proportion of total income
No performance based bonuses have been paid to key management personnel during the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

From July 2007 to 30 June 2008, the Company carried Directors and Officers insurance. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2008 is set out on page 13.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard for audit independence imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditors during the year:

Consulting services	NIL

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Korab Resources support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that Korab Resources is in compliance with those guidelines which are of critical importance to the commercial operation of a junior listed resources company. The Company's corporate governance statement and disclosures are contained in the annual report.

This report is signed in accordance with a resolution of the Directors.

Andrej C.K. Karpinski, FAICD, F Fin
Executive Chairman

Perth, Western Australia
30th September 2008

25 September 2008

To the Board of Directors
Korab Resources Limited
Suite 6, Level 1, 100 Mill Point Road
South Perth WA 6151

Dear Board Members,

Korab Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence of Korab Resources Limited.

For the financial year ended 30 June 2008, I declare to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

....
Cormac Patrick Sharkey CA

CORMAC SHARKEY & CO

CHARTERED ACCOUNTANTS

Level 1, 216 Stirling Highway,

Claremont, W.A. 6010

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Revenue	5	60,859	67,153	46,981	67,153
Cost of sales		-	-	-	-
Gross profit		60,859	67,153	46,981	67,153
Other income	6	(37,000)	631,140	(37,000)	631,140
Depreciation and amortisation expense	7	(55,805)	(37,155)	(52,067)	(37,094)
Employee benefits expense		(439,134)	(208,910)	(305,319)	(178,935)
Non-executive directors' fees		(93,000)	(97,295)	(70,850)	(85,305)
Corporate advisory expenses		(130,000)	(66,275)	(505)	(31,829)
Conference, travel and public relations		(265,264)	(243,193)	(63,965)	(180,245)
Insurance expenses		(77,676)	(81,253)	(41,567)	(81,253)
Management contract fees		(518,000)	(418,925)	(340,732)	(319,008)
Office rent and outgoings		(50,416)	(38,747)	(29,701)	(32,934)
Provisions		(40,793)	(29,166)	(40,793)	(29,166)
Other expenses from ordinary activities		(567,340)	(217,374)	-	-
Excess over interest in net fair value of subsidiaries acquired over cost	8	990,046	1,821,557	(130,160)	(125,789)
Profit/(Loss) before income tax	**7**	**(1,223,523)**	**1,081,557**	**(1,065,678)**	**(403,265)**
Income tax expense	9	-	-	-	-
Profit/(Loss) for the period		**(1,223,523)**	**1,081,557**	**(1,065,678)**	**(403,265)**
Profit/(Loss) attributable to:					
- Minority interest		(116,614)	(40,408)	-	-
- Equity holders of the parent		(1,106,909)	1,121,965	(1,065,678)	(403,265)
		(1,223,523)	**1,081,557**	**(1,065,678)**	**(403,265)**
		Cents	**Cents**		
Earnings/(Loss) per share for profit for the period					
Basic earnings/(loss) per share	10	(0.02)	0.02		

There are no dilutive potential ordinary shares, therefore dilutive earnings per share has not been calculated or disclosed.

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEETS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
ASSETS					
Current Assets					
Cash and cash equivalents	12	1,066,485	2,328,523	175,825	2,127,760
Trade and other receivables	13	451,747	459,936	29,049	357,706
Current tax assets	14	90,270	44,385	-	16,891
Related party receivables	15	-	19,673	558,675	19,673
Total Current Assets		**1,608,502**	**2,852,517**	**763,549**	**2,522,030**
Non-Current Assets					
Intangible assets	16	288,570	5,103	16,158	5,103
Property, plant and equipment	17	122,193	88,668	104,768	88,118
Exploration and mining interest assets	18	3,795,933	2,278,806	1,846,372	1,434,554
Other investments	19	-	7,000	1,048,640	639,000
Total Non-Current Assets		**4,206,696**	**2,379,577**	**3,015,938**	**2,166,775**
TOTAL ASSETS		**5,815,198**	**5,232,094**	**3,779,487**	**4,688,805**
LIABILITIES					
Current Liabilities					
Current tax liabilities	21	-	-	6,210	-
Trade and other payables	22	436,466	442,447	178,170	112,862
Lease liabilities	23	10,274	9,619	10,274	9,619
Related party payables	24	203,797	-	203,797	1,605,694
Total Current Liabilities		**650,537**	**452,066**	**398,451**	**1,728,175**
Non-current liabilities					
Lease liabilities	23	54,689	64,855	54,689	64,855
Total Current Liabilities		**54,689**	**64,855**	**54,689**	**64,855**
TOTAL LIABILITIES		**705,226**	**516,921**	**453,140**	**1,793,030**
NET ASSETS		**5,109,972**	**4,715,173**	**3,326,347**	**2,895,775**
EQUITY					
Contributed equity	25	5,423,432	3,927,182	5,423,432	3,927,182
Reserves	26	564	-	-	-
Retained earnings / (Accumulated losses)	27	(613,086)	493,823	(2,097,085)	(1,031,407)
Parent entity interest		4,810,910	4,421,005	3,326,347	2,895,775
Minority interest	28	299,062	294,168	-	-
TOTAL EQUITY		**5,109,972**	**4,715,173**	**3,326,347**	**2,895,775**

The above balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Cash flows from operating activities					
Payments to suppliers and employees		(2,205,063)	(1,822,822)	(603,217)	(726,244)
Payments for exploration costs and tenements		(719,040)	(272,276)	(456,183)	(818,885)
Interest paid and other costs of finance		(9,789)	(723)	(9,784)	(723)
Net cash inflow/(outflow) from operating activities	**30**	**(2,933,892)**	**(2,095,821)**	**(1,069,184)**	**(1,545,852)**
Cash flows from investing activities					
Interest received		60,859	67,153	46,981	67,153
Acquisition of subsidiary, net of cash acquired		-	(12,272)	(416,640)	(9,000)
Payments for property, plant and equipment		(79,541)	(28,303)	(58,933)	(35,195)
Proceeds from sale of assets		-	1,140	-	1,140
Net loans from/(to) related parties		203,797	-	(1,940,898)	1,586,021
Net cash inflow/(outflow) from investing activities		**185,115**	**27,718**	**(2,369,490)**	**1,610,119**
Cash flows from financing activities					
Proceeds from issue of ordinary shares		1,496,250	2,158,133	1,496,250	-
Share applications received in advance		-	175,000	-	-
Payments for transaction costs arising on shares issued		-	(100)	-	(100)
Payment of finance lease liabilities		(9,511)	(14,596)	(9,511)	(14,596)
Net cash inflow/(outflow) from financing activities		**1,486,739**	**2,318,437**	**1,486,739**	**(14,696)**
Net increase/(decrease) in cash and cash equivalents		(1,262,038)	250,334	(1,951,935)	49,571
Net foreign exchange differences		-	-	-	-
Cash and cash equivalents at beginning of year		2,328,523	2,078,189	2,127,760	2,078,189
Cash and cash equivalents at end of year	**12**	**1,066,485**	**2,328,523**	**175,825**	**2,127,760**

The above cash flow statements should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Issued capital	Accum. Losses	Reserves	Total	Minority interest (Note 28)	Total equity
CONSOLIDATED ENTITY	**$**	**$**	**$**	**$**	**$**	**$**
At 1 July 2006	**3,927,282**	**(628,142)**	**-**	**3,299,140**		**3,299,140**
Acquisition of subsidiary	-	-	-	-	334,576	334,576
Less: Transaction costs arising on shares issued	(100)	-	-	(100)	-	(100)
Profit/(loss) for the year	-	1,121,965	-	1,121,965	(40,408)	1,081,557
At 30 June 2007	**3,927,182**	**493,823**	-	**4,421,005**	**294,168**	**4,715,173**
At 1 July 2007	**3,927,182**	**493,823**	**-**	**4,421,005**	**294,168**	**4,715,173**
Shares issued during the year	1,575,000	-	-	1,575,000	-	1,575,000
Acquisition of subsidiaries	-	-	-	-	121,487	121,487
Less: Transaction costs arising on shares issued	(78,750)	-	-	(78,750)	-	(78,750)
Foreign currency translation	-	-	564	564	21	585
Profit/(loss) for the year	-	(1,106,909)	-	(1,106,909)	(116,614)	(1,223,523)
At 30 June 2008	**5,423,432**	**(613,086)**	**564**	**4,810,910**	**299,062**	**5,109,972**
PARENT ENTITY						
At 1 July 2006	**3,927,282**	**(628,142)**	**-**	**3,299,140**	**-**	**3,299,140**
Further transaction costs arising on shares issued	(100)	-	-	**(100)**	-	**(100)**
Profit/(loss) for the year	-	(403,265)	-	**(403,265)**	-	**(403,265)**
At 30 June 2007	**3,927,182**	**(1,031,407)**	**-**	**2,895,775**	**-**	**2,895,775**
At 1 July 2007	**3,927,182**	**(1,031,407)**	**-**	**2,895,775**	**-**	**2,895,775**
Issue of capital						
Shares issued during the period	1,575,000	-	-	**1,575,000**	-	**1,575,000**
Less: Transaction costs arising on shares issued	(78,750)	-	-	**(78,750)**	-	**(78,750)**
Profit/(loss) for the year	-	(1,065,678)	-	**(1,065,678)**	-	**(1,065,678)**
At 30 June 2008	**5,423,432**	**(2,097,085)**	**-**	**3,326,347**	**-**	**3,326,347**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. CORPORATE INFORMATION

The financial report of Korab Resources Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 26 September 2008 and covers Korab Resources Limited as an individual entity as well as the consolidated entity consisting of Korab Resources Limited and its subsidiaries as required by the *Corporations Act 2001*.

The financial report is presented in Australian currency.

Korab Resources Limited is a company limited by shares incorporate in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office and principal place of business is as follows:

Registered Office and Principal Office
Suite 6
Level 1,
100 Mill Point Road
SOUTH PERTH, WA
AUSTRALIA, 6151

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Korab Resources Limited as an individual entity and the consolidated entity consisting of Korab Resources Limited and its subsidiaries.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*

Compliance With IFRS
Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report complies with International Financial Reporting Standards (IFRS)

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Korab Resources Limited and its subsidiaries at 30 June each year (“the Group”). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Subsidiaries are accounted for in the parent entity’s financial statements at cost.

Associates

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the parent entity’s financial statements at cost and the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the consolidated income statement reflects the Group’s share of associates’ post-acquisition profits or losses and the consolidated balance sheet reflects the Group’s share of post-acquisition movements in reserves or equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity’s income statement but rather reduce the carrying amount of the investment in the consolidated financial statements.

When the Group’s share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method. The reporting dates of the associates and the parent are identical and both use consistent accounting policies.

(c) Business Combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued, the value of the equity instruments is their published market price as at the date of exchange unless, in rare circumstances it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are initially measured at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of identifiable net assets acquired is recorded as goodwill (refer Note 2(r)). If the cost of acquisition is less than the group’s share of the fair value of the net assets acquired, the difference is recognised in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity’s incremental borrowing rate as the discount rate.

(d) Foreign Currency Translation

The functional and presentation currency of Korab Resources Limited and its Australian subsidiaries is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is Ukraine Hryvnia. At reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Korab Resources Limited at the closing rate at balance sheet date and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange difference are recognised as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments. Details of segments that the Group operates in are detailed in Note 4.

(f) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(g) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(h) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(i) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will not be able to collect all amounts due according to the original terms.

(k) Inventories

Raw Materials, Work in Progress and Finished Goods
Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average/first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

(l) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Loans and receivables
Non-current loans and receivables include loans due from related parties repayable within 366 days of balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited to the income statement immediately and amortised using the effective interest method.

Other financial assets
Investments in subsidiaries, associates and joint venture entities are accounted for in the consolidated financial statements as described in Note 2(b) and in the parent entity financial statements at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 Consolidated and Separate Financial Statements.

(m) Impairment of Financial Assets

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously amortised in profit or loss – is removed from equity and amortised in the income statement. Impairment losses amortised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(n) Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at balance sheet date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(o) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

Depreciation of plant and equipment is calculated using the straight line and diminishing value methods to allocate their costs over their useful lives, as follows:

- Plant and equipment 2 – 5 years

Depreciation of motor vehicle is calculated using the straight line method over the shorter of its lease term and useful life, as follows:

- Motor vehicle 5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

(q) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

(r) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

(s) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. For service warranties, the likelihood than an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(u) Employee Benefit Provisions

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual sick leave are included as part of Employee Benefit Provisions.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(v) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(w) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Goods and Services Tax (GST)

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

***AASB 8* Operating Segments *and AASB 2007-3* Amendments to Australian Accounting Standards arising from AASB 8**

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

Revised AASB 123* Borrowing Costs *and AASB 2007-6* Amendments to Australian Accounting Standards arising from AASB 123 *[AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

***AASB-I 14* The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

AASB-I 14 will be effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. None of the Group's defined benefit plans are subject to minimum funding requirements and none of them is in a surplus position. The Group will apply AASB-I 14 from 1 July 2008, but it is not expected to have any impact on the Group's financial statements.

***Revised AASB 101* Presentation of Financial Statements *and AASB 2007-8* Amendments to Australian Accounting Standards arising from AASB 101**

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. There are no estimates, assumptions or judgments that are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except for the following:

Exploration and Evaluation Assets

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

4. SEGMENT REPORTING

Description of Segments

The Group's primary reporting format is geographical segments and its secondary reporting format is business segments. The consolidated entity operates primarily in Australia, and in one industry, being mineral exploration.

5. REVENUE

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
From continuing operations				
Interest	60,859	67,153	46,981	67,153
	60,859	67,153	46,981	67,153

6. OTHER INCOME

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Net gain/(loss) on disposal of property, plant and equipment	-	1,140	-	1,140
Gain on sale of uranium rights	-	630,000	-	630,000
Net gain/(loss) on disposal of other investments and intangible assets	(37,000)	-	(37,000)	-
	(37,000)	631,140	(37,000)	631,140

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

7. EXPENSES

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Profit/(Loss) before income tax includes the following specific expenses:				
Amortisation expense				
Borrowing costs				
- Banks and other financial institutions	9,789	6,363	9,784	6,363
	9,789	6,363	9,784	6,363
Depreciation expense				
Plant and equipment	33,953	15,392	30,220	15,331
Leased motor vehicle	12,063	15,400	12,063	15,400
	46,016	30,792	42,283	30,731
	55,805	37,155	52,067	37,094

8. CORRECTION OF ERRORS, REVISION OF ACCOUNTING ESTIMATES AND VARIATION FROM PRELIMINARY FINAL REPORT

Prior year adjustments

The following adjustments relating to the prior year financial statements of the Group were identified during the current financial year and were accounted for retrospectively by way of prior year adjustments. These adjustments were due to the following:

- Certain expenses and other payments previously allocated to Korab Resources Limited which should have been allocated to one of its subsidiaries, Uranium Australia Limited; and
- AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*, which were not adopted in the consolidation of the financial statements in previous years.

These errors have been corrected by restating each of the affected financial statement line items for the previous year in both the consolidated and parent accounts, and the resulting excess over interest in net fair value of subsidiaries acquired over cost has been taken up in the consolidated income statements.

Basic and diluted earnings per share for the previous years have also been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

9. INCOME TAX EXPENSE

	Consolidated		Parent	
	2008	2007	2008	2007
Income tax expense	$	$	$	$
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Total income tax expense in income statement	-	-	-	-

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Reconciliation of the effective tax rate				
Profit/(Loss) before income tax expense	(1,223,523)	1,081,557	(1,065,678)	(403,265)
Tax at the Australian tax rate of 30% (2007: 30%)	(367,057)	324,467	(319,703)	(120,980)
Negative goodwill from acquisition of subsidiaries	(297,014)	(546,467)	-	-
Tax losses not recognised as own asset				
- revenue losses	634,626	217,300	302,269	117,195
- overseas losses	7,204	-	-	-
Temporary differences not recognised as own asset/(liability)				
- taxable temporary differences	-	-	-	-
- deductible temporary differences	22,241	4,700	17,434	3,785
Income tax expense at effective tax rate of 0% (2007: 0%)	**-**	**-**	**-**	**-**

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Tax losses				
Unused tax losses for which no deferred tax asset has been recognised:				
- Carry forward revenue losses	1,033,067	398,441	629,126	309,422
- Cary forward overseas losses	7,204	-	-	-
Potential benefit at 30% (2007: 30%)	1,040,271	398,441	629,126	309,422

There is no expiry date on the future deductibility of unused tax losses.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in the balance sheet for the following items:				
Deductible temporary differences				
- capital raising costs	41,438	28,888	36,555	28,888
- provision and accruals	25,866	16,176	25,027	15,260
Potential benefit at 30% (2007: 30%)	67,304	45,064	61,582	44,148

The tax benefits of the above deferred tax assets will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

10. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2008	2007
	$	$
Basic earnings per share		
Profit/(Loss) from operations attributable to ordinary equity holders of Korab Resources Limited used to calculate basic earnings per share	(1,223,523)	1,081,557

	Consolidated	
	2008	2007
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	48,785,989	45,000,000

11. AUDITORS' REMUNERATION

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Audit services				
Amounts paid/payable to Cormac Sharkey for audit or review of the financial report for the entity or any entity in the group	-	15,275	-	15,275
Amounts paid/payable to non-Cormac Sharkey audit firms for audit or review of the financial report for the entity or any entity in the group	-	-	-	-
	-	15,275	-	15,275

Only those amounts paid during the year have been included in the above figures.

12. CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Cash at bank and in hand	384,397	241,701	18,094	40,936
Cash management account	610,088	2,086,822	85,731	2,086,824
Term deposit	72,000	-	72,000	-
	1,066,485	2,328,523	175,825	2,127,760

Reconciliation of cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Balances as above	1,066,485	2,328,523	175,825	2,127,760
Balances per statement of cash flows	1,066,485	2,328,523	175,825	2,127,760

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

13. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Rental bond	29,000	3,800	29,000	3,800
Prepayments	420,617	455,087	-	353,857
IPO Refund	1,000	1,000	-	-
Withholding tax	1,130	49	49	49
	451,747	459,936	29,049	357,706

14. CURRENT TAX ASSETS

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
GST receivable control account	90,270	44,385	-	16,891
	90,270	44,385	-	16,891

15. RELATED PARTY RECEIVABLES

The following balances are outstanding at reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Uranium Australia Limited	-	-	299,031	-
Lugansk Gold Limited	-	19,673	259,644	19,673
	-	19,673	558,675	19,673

Loans receivable from related parties are unsecured and interest-free at balance date.

Further information relating to related party receivables is set out in Note 31.

16. INTANGIBLE ASSETS

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Preliminary expenses	6,094	4,714	6,094	4,714
Less: Accumulated amortisation	-	-	-	-
	6,094	4,714	6,094	4,714
Borrowing costs – finance lease	496	496	496	496
Less: Accumulated amortisation	(207)	(107)	(207)	(107)
	289	389	289	389
Trademarks	16,673	-	9,775	-
Goodwill	265,514	-	-	-
	288,570	5,103	16,158	5,103

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

17. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Plant and equipment				
At cost	126,520	46,979	105,301	46,368
Accumulated depreciation	(52,581)	(18,628)	(48,787)	(18,567)
Total plant and equipment	73,939	28,351	56,514	27,801
Leased motor vehicles				
At cost	77,000	77,000	77,000	77,000
Accumulated depreciation	(28,746)	(16,683)	(28,746)	(16,683)
Total leased motor vehicles	48,254	60,317	48,254	60,317
Total non-current property, plant and equipment	122,193	88,668	104,768	88,118

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Total plant and equipment				
Carrying amount at beginning of financial year	28,351	15,440	27,801	15,440
Additions	79,541	28,303	58,933	27,692
Disposals	-	-	-	-
Depreciation	(33,953)	(15,392)	(30,220)	(15,331)
Carrying amount at end of financial year	73,939	28,351	56,514	27,801

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Total leased vehicles				
Carrying amount at beginning of financial year	60,317	75,717	60,317	75,717
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(12,063)	(15,400)	(12,063)	(15,400)
Carrying amount at end of financial year	48,254	60,317	48,254	60,317

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

18. EXPLORATION AND MINING INTEREST ASSETS

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Costs carried forward in respect of areas of interest in:				
Interest in mining licenses at cost	3,220,554	1,889,773	1,418,995	1,051,850
Exploration costs capitalised	575,379	389,033	427,377	382,704
	3,795,933	2,278,806	1,846,372	1,434,554

Reconciliations

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Interest in mining licenses				
Balance at beginning of period	1,889,773	744,964	1,051,850	832,558
Licenses purchased during the year	1,330,781	1,144,809	367,145	219,292
Balance at end of period	3,220,554	1,889,773	1,418,995	1,051,850
Exploration and evaluation				
Balance at beginning of period	389,033	500,705	382,704	413,110
Exploration expenditure capitalised during the year	186,346	-	44,673	-
Sale of exploration tenements	-	(111,672)	-	(30,406)
Balance at end of period	575,379	389,033	427,377	382,704

19. OTHER INVESTMENTS (NON-CURRENT)

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Shares in subsidiaries (refer Note 20)				
- Uranium Australia Limited	-	-	748,640	632,000
- Lugansk Gold Limited	-	-	300,000	-
Other investments				
- Shares in Samarai Pty Ltd	-	7,000	-	7,000
	-	7,000	1,048,640	639,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

20. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(b).

	Country of incorporation	Class of shares	Equity holding 2008 $	2007 $
Held by parent				
Uranium Australia Limited	Australia	Ordinary	87.50%	88.12%
Lugansk Gold Limited (held by parent)	Australia	Ordinary	96.39%	-
Held by Lugansk Gold Limited				
Donetsky Kryazh Limited	Ukraine	Ordinary	74.00%	-

* the proportion of ownership interest is equal to the proportion of voting power held.

Acquisition of controlled entities

During the year Korab Resources Limited ('Korab') acquired a further 1,800,000 ordinary shares in Uranium Australia Limited ('Uranium') for $116,640, however, due to additional share capital issued by Uranium, Korab's share in Uranium has been diluted. The net effect of both the additional purchase and the dilution is a net dilution of 0.62%

On 18 October 2007, Korab Resources Limited acquired 100,000,000 ordinary shares in Lugansk Gold Limited, thereby acquiring 96.39% of the issued share capital of that entity for a purchase consideration of $300,000. At the date of the acquisition, there were no assets or liabilities in the acquiree except for the issued share capital.

On 13 February 2008, Lugansk Gold Limited acquired 74% of the ordinary shares in Donetsky Kryazh Limited ('Donetsky'), for a purchase consideration of $225,000. Donetsky is a company incorporated in Ukraine, which operates in the mineral exploration industry.

The details of the acquisition of Donetsky Kryazh Limited are as follows:

	Consolidated 2008 $	2007 $	Parent 2008 $	2007 $
Purchase consideration	225,000	-	-	-
Cash consideration	225,000	-	-	-
Assets and liabilities held at acquisition date:				
- Cash and cash equivalents	771	-	-	-
- Intangible assets	1,842	-	-	-
- Payables	(57,362)	-	-	-
	(54,749)	-	-	-
Goodwill on consolidation	265,514	-	-	-

21. CURRENT TAX LIABILITIES

	Consolidated 2008 $	2007 $	Parent 2008 $	2007 $
GST payable control account	-	-	6,210	-
	-	-	6,210	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

22. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Current				
Trade payables	279,632	186,880	53,234	29,457
Credit card liability	4,287	15,188	4,287	15,188
PAYG withholding payable	58,114	32,752	36,832	17,352
Superannuation payable	16,661	18,871	13,463	15,406
Annual leave	-	6,293	-	6,293
Provision for FBT payable	69,959	7,463	69,959	29,166
Share applications received in advance	7,813	175,000	395	-
	436,466	442,447	178,170	112,862

23. LEASE LIABILITIES

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Current liabilities				
Finance lease – motor vehicle	14,651	14,651	14,651	14,651
Less: Unexpired interest charges	(4,377)	(5,032)	(4,377)	(5,032)
	10,274	9,619	10,274	9,619
Non-current liabilities				
Finance lease – motor vehicle	61,050	75,592	61,050	75,592
Less: Unexpired interest charges	(6,361)	(10,737)	(6,361)	(10,737)
	54,689	64,855	54,689	64,855
	64,963	74,474	64,963	74,474

24. RELATED PARTY PAYABLES

The following balances are payable to related parties at reporting date:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Uranium Australia Limited	-	-	-	1,605,694
Rheingold Investments Pty Ltd	203,797	-	203,797	-
	203,797	-	203,797	1,605,694

Loans receivable from related parties are unsecured and interest-free at balance date.

Further information relating to related party receivables is set out in Note 31.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

25. CONTRIBUTED EQUITY

	Consolidated and Parent Entity 2008		Consolidated and Parent Entity 2007	
	Shares	**$**	**Shares**	**$**
Share capital				
Ordinary shares - no par value				
- Fully paid	67,500,000	5,689,391	45,000,000	4,114,391
- Capital raising costs		(265,959)		(187,209)
Total contributed equity – consolidated entity	67,500,000	5,423,432	45,000,000	3,927,182

Movements in ordinary shares

Date	Details	Number of shares	Issue price	$
1-Jul-06	Opening balance	45,000,000		4,114,391
-	-	-		-
30-Jun-07	Balance	45,000,000		4,114,391
28-Apr-08	Part of rights issue	14,738,829	$0.07	1,031,718
5-May-08	Balance of rights issue	7,761,171	$0.07	543,282
				5,689,391
	Less: Transaction costs arising on shares issued			(265,959)
30-Jun-08	**Closing balance**	**67,500,000**		**5,423,432**

Ordinary shares
Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

26. RESERVES

Reserves	Consolidated		Parent	
	2008 $	**2007 $**	**2008 $**	**2007 $**
Foreign currency translation reserve	564	-	-	-
	564	-	-	-

Movements in reserves	Consolidated		Parent	
	2008 $	**2007 $**	**2008 $**	**2007 $**
Foreign currency translation reserve				
Balance at start of period	-	-	-	-
Currency translation differences	564	-	-	-
Deferred tax impact	-	-	-	-
Balance at the end of period	564	-	-	-

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. The reserve is recognised in the income statement when the investment is disposed of.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

27. RETAINED EARNINGS / (ACCUMULATED LOSSES)

Movements in retained earnings

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Balance at start of period	493,823	(628,142)	(1,031,407)	(1,433,246)
Net profit/(loss) for the year	(1,106,909)	1,121,965	(1,065,678)	401,839
Balance at end of period	(613,086)	493,823	(2,097,085)	(1,031,407)

28. MINORITY INTERESTS

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Minority interests in:				
Share capital	456,063	334,576	-	-
Reserves	21	-	-	-
Retained earnings	(157,022)	(40,408)	-	-
	299,062	294,168	-	-

29. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Foreign exchange risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (AUD) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserve.

(ii) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2008		**Fixed interest maturing in**				
	Floating rates $	**< 1 year $**	**1 - 5 years $**	**> 5 years $**	**Non-interest bearing $**	**Total $**
Financial assets						
Cash and cash equivalents	994,485	72,000	-	-	-	1,066,485
Trade and other receivables	-	-	-	-	451,747	451,747
	994,485	72,000	-	-	451,747	1,518,232
Weighted average interest rate	-	7.15%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	(436,466)	(436,466)
Finance lease	-	-	-	-	(64,963)	(64,963)
	-	-	-	-	(501,429)	(501,429)
Weighted average interest rate	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Risk (Continued)

(ii) Interest rate risk (continued)

2007	Floating rates $	Fixed interest maturing in < 1 year $	1 - 5 years $	> 5 years $	Non-interest bearing $	Total $
Financial assets						
Cash and cash equivalents	2,328,523	-	-	-	-	2,328,523
Trade and other receivables	-	-	-	-	459,936	459,936
Other investments	-	-	-	-	7,000	7,000
	2,328,523	-	-	-	466,936	2,795,459
Weighted average interest rate	-	-	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	(442,447)	(442,447)
Finance lease	-	-	-	-	(74,474)	(74,474)
	-	-	-	-	(516,921)	(516,921)
Weighted average interest rate	-	-	-	-	-	-

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(d) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that treasury maintain adequate committed credit facilities and the ability to close-out market positions.

Financing arrangements

The Company does not have any financing facilities other than in respect of finance leases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

30. CASH FLOW INFORMATION

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Reconciliation of profit/(loss) after income tax to net cash flow from operating activities				
Profit/(loss) for the year	(1,223,523)	1,081,557	(1,065,678)	(403,265)
Depreciation and amortisation	46,016	30,792	42,283	30,792
Net (profit)/loss on sale of assets	37,000	(1,140)	37,000	(1,140)
Non-cash proceeds from sale of uranium assets		(630,000)	-	(630,000)
Interest income classified as investing cash flow	(60,859)	(67,153)	(46,981)	(67,153)
Non-cash borrowing costs		5,739	-	5,739
Negative goodwill on acquisition of subsidiaries	(990,046)	(1,821,557)	-	-
Foreign exchange reserves	564	-	-	-
Change in operating assets (net of impact from purchase of controlled entity)				
- (increase)/decrease in prepayments	27,862	(442,806)	328,706	(341,576)
- (increase)/decrease in current tax receivable	(45,885)	(15,026)	16,842	12,469
- (increase)/decrease in other current assets	-	(3,800)	-	(3,800)
- (increase)/decrease in payments for exploration costs and tenements	(719,040)	(272,276)	(456,183)	(188,885)
- increase/(decrease) in trade payables and accruals	(5,981)	26,093	74,827	27,211
- increase/(decrease) in other provisions	-	13,756	-	13,756
Net cash flow from operating activities	**(2,933,892)**	**(2,095,821)**	**(1,069,184)**	**(1,545,852)**

31. RELATED PARTY TRANSACTIONS

Parent entity
Korab Resources Limited is the ultimate parent entity of the Group.

Subsidiaries
Interests in subsidiaries are disclosed in Note 20.

Key management personnel compensation
Details of key management personnel compensation are set out in Note 32.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Payments made to Discovery Capital Limited[#] for:				
- Geological services	-	20,700	-	20,700
Total payments to Discovery Capital Limited	-	20,700	-	20,700
Payments made to Rheingold Investments Corporation Pty Ltd* for:				
- Management contract fees	500,000	407,522	300,000	307,605
Total payments to Rheingold Investments Corporation Pty Ltd	500,000	407,522	300,000	307,605

Discovery Capital Limited was a Top 20 shareholder of the Company as at 01 July 2006. Discovery Capital Limited ceased being a substantial shareholder on 10 November 2006.

*A K Karpinski is a director and controlling shareholder of Rheingold Investments Corporation Pty Ltd. Management contract fees form part of directors' remuneration and has been disclosed as such in the directors' report.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

32. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation

Details of compensation of the key management personnel of Korab Resources Limited are set out below:

2008	*Andrej Karpinski* $	*Derek Lenartowicz* $	*Malcolm McKenzie* $	*Rodney Skeet* $	*Total* $
Short-term benefits					
Cash salary	300,000*	26,000	13,000	26,000	365,000
Post-Employment Benefits					
Pension and superannuation	27,000	2,340	1,170	2,340	32,850
Total	**327,000**	**28,340**	**14,170**	**28,340**	**397,850**

2007	*Andrej Karpinski* $	*Derek Lenartowicz* $	*Malcolm McKenzie* $	*Rodney Skeet* $	*Total* $
Short-term benefits					
Cash salary	307,605	25,000	25,000	25,000	382,605
Post-Employment Benefits					
Pension and superannuation	-	2,700	3,330	4,275	10,305
Total	**307,605**	**27,700**	**28,330**	**29,275**	**392,910**

*This amount comprises executive services fees paid to Rheingold Investments Corporation Pty Ltd, a company under the control of Andrej Karpinski.

Shareholdings
Details of equity instruments held directly, indirectly or beneficially by key management personnel and their related parties are included in the directors' report.

(b) Loans from/to key management persons

No loans were made from or to key management personnel of the company during the 2007 and 2008 financial years.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

33. CONTINGENCIES

In the opinion of the directors there were no material contingent liabilities that exists as at 30 June 2007 or 30 June 2008, nor the interval between 30 June 2008 and the date of this report.

34. COMMITMENTS

Lease commitments	**Consolidated**		**Parent**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Non-cancellable finance lease payments				
- Not later than 1 year	14,651	14,651	14,651	14,651
- Later than 1 year and not later than 5 years	28,081	42,732	28,081	42,732
- Longer than 5 years	-	-	-	-
	42,732	**57,383**	**42,732**	**57,383**
Non-cancellable operating leases				
Within one year	30,018	27,900	30,018	27,900
Later than one year but not later than 5 years	270,162	-	270,162	-
Later than 5 years	-	-	-	-
	300,180	**27,900**	**300,180**	**27,900**

Finance lease - the Company has entered into a finance lease in relation to the provision of a motor vehicle.

Operating lease – during the year the Company moved to new premises in South Perth, WA. The lease comprises an initial term of five years with no option to review and commenced on 15 January 2008.

Mining tenements	**Consolidated**		**Parent**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Annual expenditure commitments to maintain current rights to tenure of mining tenements	3,971,160	1,506,134	3,971,160	1,506,134
Rehabilitation Obligations	20,000	-	20,000	-
Purchase of exploration licences	125,000	-	125,000	-
	4,116,160	1,506,143	4,116,160	1,506,143

The Company has obligations to perform minimum exploration work and to expend $426,220 on rent and a total of $3,544,940 on granted tenements annually. These obligations may be varied from time to time subject to approval and on this basis they are expected to be fulfilled in the normal course of operations. The Company can also meet its expenditure obligations by seeking joint venture partners or by way of sale of all or part of an interest in a tenement or by allowing tenements to lapse. Expenditure requirements for applications pending approval are not included.

The Company's subsidiary, Uranium Australia Limited is not the legal holder of any mining tenements. Therefore it does not have any minimum expenditure commitments as at the date of this report.

The Company will be responsible for any Rehabilitation Obligations of Savanna Mineral Resources Pty. Ltd. (Savanna), a joint venture partner in respect of the Tenements arising from any activities on the Tenements occurring prior to 20th February 2004 up to a maximum of $20,000, it being acknowledged and agreed by the Company and Savanna that any such Rehabilitation Obligations in excess of $20,000 will be the responsibility of Savanna.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

35. COMMITMENTS (CONTINUED)

Pursuant to the purchase agreement of 10th July 2007 between the Company and Renaissance Corporation Pty Ltd in relation to the purchase of Mt. Elephant exploration licences, the Company has obligations to settle 5 annual instalments of $25,000 for the purchase of exploration licences, with the first instalment to be paid within 7 business days after 10 July 2008 and each instalment thereafter to be paid within 7 business days after each anniversary of that date, until the amount has been paid in full.

On 27th of September 2008, the Mt. Elephant Agreement has been amended by a Deed of Variation where the parties agreed that the vendor will accept in full satisfaction of the consideration payable by the purchaser of the licences a payment of $5,000 and an issue within 35 days of signing of the deed of variation of $40,000 in fully paid ordinary shares in Korab Resources Limited to be issued at an issue price per share which will be the average weighted traded price over previous 5 days. Should the shares not be issued within the specified time, the original purchase agreement of 10th July 2007 will be enforceable.

36. SUBSEQUENT EVENTS

On 15th September 2008 the Company announced that its subsidiary, Uranium Australia Limited ("UA"), has made submissions to ASX and ASIC regarding the spin-off of UA from Korab Resources and is now awaiting their response. Subject to the regulatory and ASX approval, Korab plans to hold a general meeting of its shareholders to approve (among other resolutions) the spin-off of UA and the *in-specie* distribution of free UA shares to Korab shareholders on a basis of 1.5 free shares for every 1 Korab share held. Thereafter, UA will seek to raise between $2 million and $3 million at a price of 20 cents per share under an IPO prospectus.

Except for the above, in the opinion of the Directors, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2008

The directors of Korab Resources Limited declare that:

1. The financial statements and notes, as set out on pages 14 to 44 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and economic entity;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and;
   (c) the financial statements and notes for the financial year give a true and fair view;

3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 10 to 11 of the directors' report (as part of the audited remuneration report), for the year ended 30 June 2008, comply with section 300A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Andrej C.K. Karpinski, FAICD, F Fin
Executive Chairman

Perth, Western Australia
30th September 2008

INDEPENDENT AUDITOR'S REPORT

To the members of Korab Resources Ltd,

Report on the Financial Report

We have audited the accompanying financial report of Korab Resources Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations and the Corporation Act 2001). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, (or "gives a true and fair view of") the financial position of Korab Resources Ltd as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Report on Other Legal and Regulatory Requirements

The financial report of Korab Resources Limited is in accordance with the Corporations Act 2001, including

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

And the financial report also complies with the international financial reporting standards.

Cormac Patrick Sharkey CA
Date:

CORMAC SHARKEY & CO

CHARTERED ACCOUNTANTS

Level 1, 216 Stirling Highway,

Claremont, W.A. 6010

CORPORATE GOVERNANCE

The Board of Directors of Korab Resources Limited is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Korab Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

For further information on corporate governance policies adopted by Korab Resources Limited, refer to our website: www.korabresources.com.au.

Board Objectives

The Board will develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholders value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities;

- developing initiatives for profit and assets growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new Directors being their ability to add value to the Company and its business.

The Board has accepted the ASX Corporate Governance Councils definition of an Independent Director contained their report titled "The Principles of Good Corporate Governance and Best Practice Recommendations – August 2007".

The current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. There are procedures in place, as agreed by the board, to enable directors to seek independent professional advice on issues arising in the course of their duties at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Andrej K. Karpinski	10 years
Rodney H. J. Skeet	6 years
Derek Lenartowicz	2 years

Remuneration Committee and Nomination Committee

At this time Korab has no remuneration or nomination committee. The board intends to form a remuneration committee during the current financial year.

Nomination Arrangements

Where a vacancy is considered to exist, the board will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting. All Directors, except the Executive Chairman, are subject to re-election by shareholders at least every three years.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

Performance

During the reporting period the entity did not have a formal process for evaluation of Directors and Executives due to there only being four in total. The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment.

Remuneration Arrangements

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board intends to link the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure will be:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Korab Resources Limited

The remuneration of the Executive Chairman is decided by the non-executive directors. In determining competitive remuneration rates the directors review local and international trends among comparative companies and the industry generally. Directors intend to consider an employee share option plan during the current financial year.

The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The appointment of non-executive Director's remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Audit Committee

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

The Board has not yet established an audit committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial information.

Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

Corporate Governance Disclosures

During the financial year Korab Resources has complied with each of the 8 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation

	Notification of Departure	Explanation of Departure
2.1	Majority of Board not independent directors	The Board has three non-executive directors. The Board does not feel it is cost effective to increase the size of the board to meet this recommendation given the size of the company.
2.4	The Company does not have a Nomination Committee	The Board intends to appoint a Nomination Committee during the 2008 financial year.
4.2	The Company does not have an Audit Committee	The Board intends to appoint an Audit Committee during the 2008 financial year.
8.1	The Company does not have Remuneration Committee	The Board intends to appoint a Remuneration Committee during the 2008 financial year.

ADDITIONAL SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company register as at 15 October 2008 are as follows:

Shareholder	Shares	%
Andrej Kazimie Karpinski	10,714,275	15.873
Rheingold Investments Corporation Pty Ltd	7,135,725	10.571
Merill Lynch (Australia) Nominees Pty Limited	6,483,591	9.605
Chancery Holdings Pty Ltd	4,971,421	7.365
Mulloway Pty Ltd	3,500,000	5.185

DISTRIBUTION OF SHAREHOLDERS

The distribution of members and their holdings of equity securities in the Company as at 15 October 2008 were as follows:

Range of holding	Shareholders	Number Of Ordinary Shares	%
1 – 1,000	109	47,572	0.070
1,001 – 5,000	208	629,270	0.932
5,001 – 10,000	191	1,618,458	2.398
10,001 – 100,000	376	11,248,639	16.665
100,001 and over	61	53,956,061	79.935
Totals	**945**	**67,500,000**	**100.000**

The number of shareholders with less than a marketable parcel of fully paid shares is 390, holding in total 1,151,066 shares.

The number of shareholders with less than an economical parcel of fully paid shares is 765, holding in total 7,202,961 shares.

VOTING RIGHTS (ORDINARY SHARES)

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the fully paid ordinary shares of the Company as at 15 October 2008 are as follows:

Name	Number Of Ordinary Fully Paid Shares	% Held Of Issued Ordinary Capital
Andrej Kazimie Karpinski	10,714,275	15.873
Rheingold Investments Corporation Pty Ltd	7,135,725	10.571
Merill Lynch (Australia) Nominees Pty Limited	6,483,591	9.605
Chancery Holdings Pty Ltd	4,971,421	7.365
Mulloway Pty Ltd	3,500,000	5.185
Rheingold Investments Corporation Pty Ltd (Super Fund A/C)	2,025,000	3.000
Mr John Akehurst & Mrs Rachel Akehurst	1,480,000	2.193
Japeka Management Pty Ltd	1,290,000	1.911
Jetan Pty Ltd	1,185,714	1.757
HSBC Custody Nominees (Australia) Limited	966,300	1.432
Colvic Pty Ltd	941,305	1.395
Colin Weekes & Michael Weekes	761,659	1.128
Chancery Holdings Pty Ltd (Super Fund A/C)	675,000	1.000
Fiona Teo	600,000	0.889
ITC Manufacturing Pty Ltd	510,000	0.756
Mr Gordon Neil Anderson & Ms Rhonda Cynthia Anderson	503,068	0.745
Adamic Pty Ltd	501,618	0.743
Offa Pty Ltd	490,000	0.726
Mr Warren Tuckett	475,000	0.704
Mr Jen Dju Tjia	440,000	0.652
Totals	**45,649,676**	**67.629**

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has nil franking credits.

SCHEDULE OF MINERAL TENEMENTS

As of 15 October 2008, Korab Resources Limited held equity, or was earning equity in the following tenements:

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
Darlot East							
P37/7048	Korab Resources Ltd	100	158.38 HA	27/06/08	26/06/12	$349.80	$6,360
P37/7049	Korab Resources Ltd	100	159.64 HA	27/06/08	26/06/12	$352.00	$6,400
Hercules							
E09/1357	Korab Resources Ltd	100	133BL	7/03/08	6/03/13	$15,142.05	$133,000
E09/1358	Korab Resources Ltd	100	194BL	7/03/08	6/03/13	$22,086.90	$194,000
E09/1369	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1370	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1371	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1372	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1373	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1374	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000
E09/1376	Korab Resources Ltd	100	89BL	7/03/08	6/03/13	$10,132.65	$89,000
E09/1377	Korab Resources Ltd	100	17BL	7/03/08	6/03/13	$1,935.45	$20,000
E09/1378	Korab Resources Ltd	100	117BL	7/03/08	6/03/13	$13,320.45	$117,000
E09/1379	Korab Resources Ltd	100	56BL	7/03/08	6/03/13	$6,375.60	$56,000
E09/1380	Korab Resources Ltd	100	19BL	7/03/08	6/03/13	$2,163.15	$20,000
E09/1381	Korab Resources Ltd	100	61BL	7/03/08	6/03/13	$6,944.85	$61,000
E09/1383	Korab Resources Ltd	100	200BL	7/03/08	6/03/13	$22,770.00	$200,000

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
E09/1396	Korab Resources Ltd	100	174BL	7/03/08	6/03/13	$19,809.90	$174,000
E09/1397	Korab Resources Ltd	100	70BL	13/05/08	12/05/13	$7,969.50	$70,000
E09/1375	Korab Resources Ltd	100	200BL	13/05/08	12/06/13	$22,770.00	$200,000
E52/1991	Korab Resources Ltd	100	87BL	(15/09/06)	Not yet Determined	$8,308.50	$87,000
E52/1992	Korab Resources Ltd	100	160BL	(15/09/06)	Not yet Determined	$15,280.00	$160,000
E52/1993	Korab Resources Ltd	100	141BL	(15/09/06)	Not yet Determined	$13,465.50	$141,000
E52/1994	Korab Resources Ltd	100	107BL	(15/09/06)	Not yet Determined	$10,218.50	$107,000
Lohengrin							
E08/1567	Korab Resources Ltd	100	70BL	04/08/06	03/08/11	$7,969.50	$70,000
E08/1569	Korab Resources Ltd	100	67BL	04/08/06	03/08/11	$7,627.95	$67,000
E08/1861	Korab Resources Ltd	100	135BL	(14/05/08)	Not yet Determined	$13,513.50	$135,000
E08/1862	Korab Resources Ltd	100	126BL	(14/05/08)	Not yet Determined	$12,612.60	$126,000
E08/1863	Korab Resources Ltd	100	70BL	(14/05/08)	Not yet Determined	$7,007.00	$70,000
E08/1805	Rheingold Investments Corp. Pty Ltd	100	3BL	29/07/08	28/07/13	$341.55	$15,000
E08/1806	Rheingold Investments Corp. Pty Ltd	100	4BL	29/07/08	28/07/13	$455.40	$15,000
E08/1807	Rheingold Investments Corp. Pty Ltd	100	1BL	29/07/08	28/07/13	$274.12	$10,000
E08/1808	Rheingold Investments Corp. Pty Ltd	100	2BL	29/07/08	28/07/13	$227.70	$15,000
E08/1809	Rheingold Investments Corp. Pty Ltd	100	1BL	29/07/08	28/07/13	$274.12	$10,000
E08/1810	Rheingold Investments Corp. Pty Ltd	100	3BL	29/07/08	28/07/13	$341.55	$15,000

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
Maitland							
E53/1210	Redport Exploration Pty Ltd	100	26BL	18/01/07	17/01/12	$2,960.10	$26,000
E53/1211	Redport Exploration Pty Ltd	100	25BL	10/01/07	9/01/12	$2,846.25	$25,000
P53/1252	Redport Exploration Pty Ltd	100	197HA	31/01/07	30/01/11	$433.40	$7,880
P53/1253	Redport Exploration Pty Ltd	100	198HA	31/01/07	30/01/11	$435.60	$7,920
P53/1254	Redport Exploration Pty Ltd	100	178HA	31/01/07	30/01/11	$391.60	$7,120
P53/1255	Redport Exploration Pty Ltd	100	200HA	31/01/07	30/01/11	$440.00	$8,000
P53/1256	Redport Exploration Pty Ltd	100	186HA	31/01/07	30/01/11	$409.20	$7,440
P53/1257	Redport Exploration Pty Ltd	100	189HA	31/01/07	30/01/11	$415.80	$7,560
P53/1258	Redport Exploration Pty Ltd	100	183HA	31/01/07	30/01/11	$406.20	$7,320
P53/1259	Redport Exploration Pty Ltd	100	152HA	31/01/07	30/01/11	$334.40	$6,080
P53/1260	Redport Exploration Pty Ltd	100	123HA	31/01/07	30/01/11	$270.60	$4,920
P53/1261	Redport Exploration Pty Ltd	100	199HA	31/01/07	30/01/11	$437.80	$7,960
P53/1262	Redport Exploration Pty Ltd	100	199HA	31/01/07	30/01/11	$437.80	$7,960
P53/1263	Redport Exploration Pty Ltd	100	199HA	31/01/07	30/01/11	$437.80	$7,960
P53/6943	Redport Exploration Pty Ltd	100	197HA	20/03/07	19/03/11	$433.40	$7,880

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
P53/1324	Newmont Yandal Operations Pty Ltd	100	72.89 HA	(22/01/07)	Not yet Determined	$131.40	$2,920
P53/1336	Newmont Yandal Operations Pty Ltd	100	108.90 HA	(31/01/07)	Not yet Determined	$196.20	$4,360
P53/1337	Newmont Yandal Operations Pty Ltd	100	188.60 HA	(31/01/07)	Not yet Determined	$340.00	$7,560
P53/1338	Newmont Yandal Operations Pty Ltd	100	174.68 HA	(31/01/07)	Not yet Determined	$315.00	$7,000
P53/1339	Newmont Yandal Operations Pty Ltd	100	174.66 HA	(31/01/07)	Not yet Determined	$315.00	$7,000
P53/1340	Newmont Yandal Operations Pty Ltd	100	170.34 HA	(31/01/07)	Not yet Determined	$307.80	$6,840
P53/1341	Newmont Yandal Operations Pty Ltd	100	178.93 HA	(31/01/07)	Not yet Determined	$322.20	$7,160
M53/571	Newmont Yandal Operations Pty Ltd	100	261.72 HA	(19/02/97)	Not yet Determined	$8,670.00	$86,700
M53/572	Newmont Yandal Operations Pty Ltd	100	266.42 HA	(19/02/97)	Not yet Determined	$9,760.00	$97,600
M53/574	Newmont Yandal Operations Pty Ltd	100	232.24 HA	(19/02/97)	Not yet Determined	$9,630.00	$96,300
M53/575	Newmont Yandal Operations Pty Ltd	100	301.96 HA	(19/02/97)	Not yet Determined	$8,910.00	$89,100
M53/578	Newmont Yandal Operations Pty Ltd	100	676.67 HA	(19/02/97)	Not yet Determined	$8,800.00	$88,000
M53/579	Newmont Yandal Operations Pty Ltd	100	58.95 HA	(19/02/97)	Not yet Determined	$7,050.00	$70,500
Melrose							
E37/769	Korab Resources Ltd	100	35BL	24/09/04	23/09/09	$6,198.50	$78,000
E37/794	Korab Resources Ltd	100	9BL	31/03/05	30/03/10	$1,541.43	$30,000

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
M37/108	Korab Resources Ltd	100	11.04 HA	09/07/87	08/07/29	$179.52	$10,000
M37/519	Korab Resources Ltd	100	185.28 HA	22/08/95	21/08/16	$2,782.56	$18,600
M37/1167	Korab Resources Ltd	100	103HA	14/06/05	13/06/26	$1,540.88	$10,300
L37/144	Korab Resources Ltd	100	32.68 HA	04/08/06	03/08/27	$439.23	N/A
L37/145	Korab Resources Ltd	100	56.42 HA	04/08/06	03/08/27	$758.67	N/A
L37/146	Korab Resources Ltd	100	47.21 HA	03/10/06	02/10/27	$638.88	N/A
L37/147	Korab Resources Ltd	100	49.49 HA	03/10/06	02/10/27	$665.50	N/A
E37/872	Korab Resources Ltd	100	6BL	21/09/07	20/09/12	$683.10	$20,000
E37/897	Korab Resources Ltd	100	38BL	12/08/08	11/02/13	$4,326.30	$38,000
E37/898	Korab Resources Ltd	100	38BL	12/08/08	11/02/13	$4,326.30	$38,000
E53/1261	Korab Resources Ltd	100	57BL	13/03/07	12/03/12	$6,489.45	$57,000
E37/1262	Korab Resources Ltd	100	19BL	13/03/07	13/03/12	$2,163.15	$20,000
E53/1306	Korab Resources Ltd	100	70BL	21/11/07	20/11/12	$7,969.50	$70,000
E37/1307	Korab Resources Ltd	100	70BL	21/11/07	20/11/12	$7,969.50	$70,000
E37/1308	Korab Resources Ltd	100	50BL	04/10/07	03/10/12	$5,692.50	$50,000
E37/1309	Korab Resources Ltd	100	29BL	04/10/07	03/10/12	$3,301.65	$29,000
E53/1381	Korab Resources Ltd	100	3BL	(24/01/08)	Not yet Determined	$300.30	$15,000
E37/1382	Korab Resources Ltd	100	2BL	(24/01/08)	Not yet Determined	$200.20	$15,000
E37/1383	Korab Resources Ltd	100	8BL	(24/01/08)	Not yet Determined	$800.80	$20,000
E37/1384	Korab Resources Ltd	100	3BL	(24/01/08)	Not yet Determined	$303.30	$15,000

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
E37/1385	Korab Resources Ltd	100	1BL	(24/01/08)	Not yet Determined	$241.00	$10,000
Mt Elephant							
E08/1378	Renaissance Corp Pty Ltd	100	3BL	20/11/03	19/11/08	$721.05	$20,000
E08/1379	Renaissance Corp Pty Ltd	100	5BL	20/11/03	19/11/08	$1,201.75	$30,000
Salt Dam							
E29/604	Oroya Mining Ltd	100	70BL	11/04/07	10/04/12	$7,969.50	$70,000
E29/605	Oroya Mining Ltd	100	70BL	11/04/07	10/04/12	$7,969.50	$70,000
E29/606	Oroya Mining Ltd	100	70BL	11/04/07	10/04/12	$7,969.50	$70,000
E29/607	Oroya Mining Ltd	100	70BL	11/04/07	10/04/12	$7,969.50	$70,000
Tank Well							
E08/1722	Korab Resources Ltd	100	200BL	07/03/08	06/03/13	$22,770.00	$200,000
E08/1723	Korab Resources Ltd	100	200BL	07/03/08	06/03/13	$22,770.00	$200,000
E08/1724	Korab Resources Ltd	100	174BL	07/03/08	06/03/13	$19,809.90	$174,000
E08/1804	Korab Resources Ltd	100	12BL	29/07/08	28/07/13	$1,366.20	$20,000
E08/1803	Korab Resources Ltd	100	14BL	(21/06/07)	Not yet Determined	$1,337.00	$20,000
Throssell							
E38/1648	Korab Resources Ltd	100	70BL	11/01/06	10/01/11	$7,707.70	$70,000
E38/1650	Korab Resources Ltd	100	70BL	11/01/06	10/01/11	$7,707.70	$70,000
E38/2039	Korab Resources Ltd	100	200BL	(16/02/07)	Not yet Determined	$19,100.00	$200,000
E38/2040	Korab Resources Ltd	100	200BL	(16/02/07)	Not yet Determined	$19,100.00	$200,000
E38/2041	Korab Resources Ltd	100	167BL	(16/02/07)	Not yet Determined	$15,948.50	$167,000

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
E38/2042	Korab Resources Ltd	100	200BL	(16/02/07)	Not yet Determined	$19,100.00	$200,000
Yalinga Bore Uranium							
E57/635	Oroya Mining Ltd	100	70BL	25/06/07	24/06/12	$7,707.70	$70,000
Green Alligator							
EL24818	Korab Resources Ltd	100	35 Sub Blocks	18/01/06	17/01/12	$700.00	$75,000
EL25132	Korab Resources Ltd	100	1 Sub Block	13/07/06	12/07/12	$10.00	$6,250
EL25133	Korab Resources Ltd	100	2 Sub Blocks	13/07/06	12/07/12	$20.00	$6,250
EL25134	Korab Resources Ltd	100	6 Sub Blocks	13/07/06	12/07/12	$60.00	$6,250
EL25135	Korab Resources Ltd	100	1 Sub Block	13/07/06	12/07/12	$10.00	$6,250
EL25136	Korab Resources Ltd	100	3 Sub Blocks	12/09/06	11/09/12	$30.00	$5,450
EL25137	Korab Resources Ltd	100	16 Sub Blocks	30/12/05	Not yet Determined	$160.00	$6,000
EL25242	Korab Resources Ltd	100	4 Sub Blocks	12/09/06	11/09/12	$40.00	$5,000
EL25243	Korab Resources Ltd	100	6 Sub Blocks	07/11/06	06/11/12	$60.00	$5,500
EL25244	Korab Resources Ltd	100	2 Sub Blocks	09/11/06	08/11/12	$20.00	$4,500
Batchelor							
SEL24855	Korab Resources Ltd	100	11 Sub Blocks	24/01/06	23/01/10	$242.00	$200,000
ERL134	Korab Resources Ltd	100	968HA	11/10/94	10/10/09	$10,648.00	$30,000
AN495	Korab Resources Ltd	100	2 Sub Blocks	31/01/06	30/01/12	$40.00	$18,000
AN515	Korab Resources Ltd	100	1 Sub Blocks	27/09/05	26/09/11	$20.00	$10,000
MLN512	Korab Resources Ltd	100	16HA	19/04/82	31/12/23	$160.00	N/A

SCHEDULE OF MINERAL TENEMENTS (Continued)

Tenement	Holder/ Applicant	Equity	Area	Grant Date/ Application Date	Expiry Date	Current Annual Rent	Current Annual Expenditure
MLN513	Korab Resources Ltd	100	16HA	19/04/82	31/12/23	$160.00	N/A
MLN514	Korab Resources Ltd	100	16HA	19/04/82	31/12/23	$160.00	N/A
MLN515	Savanna Mineral Resources Pty Ltd	100	16HA	19/04/82	31/12/23	$160.00	N/A
MLN542	Savanna Mineral Resources Pty Ltd	100	15HA	19/04/82	31/12/23	$150.00	N/A
MLN543	Savanna Mineral Resources Pty Ltd	100	15HA	19/04/82	31/12/23	$150.00	N/A