KORAB RESOURCES LIMITED
A.C.N. 082 140 252

Consolidated Financial Report
for the half-year ended 31 December 2008

KORAB RESOURCES LIMITED
A.C.N. 082 140 252

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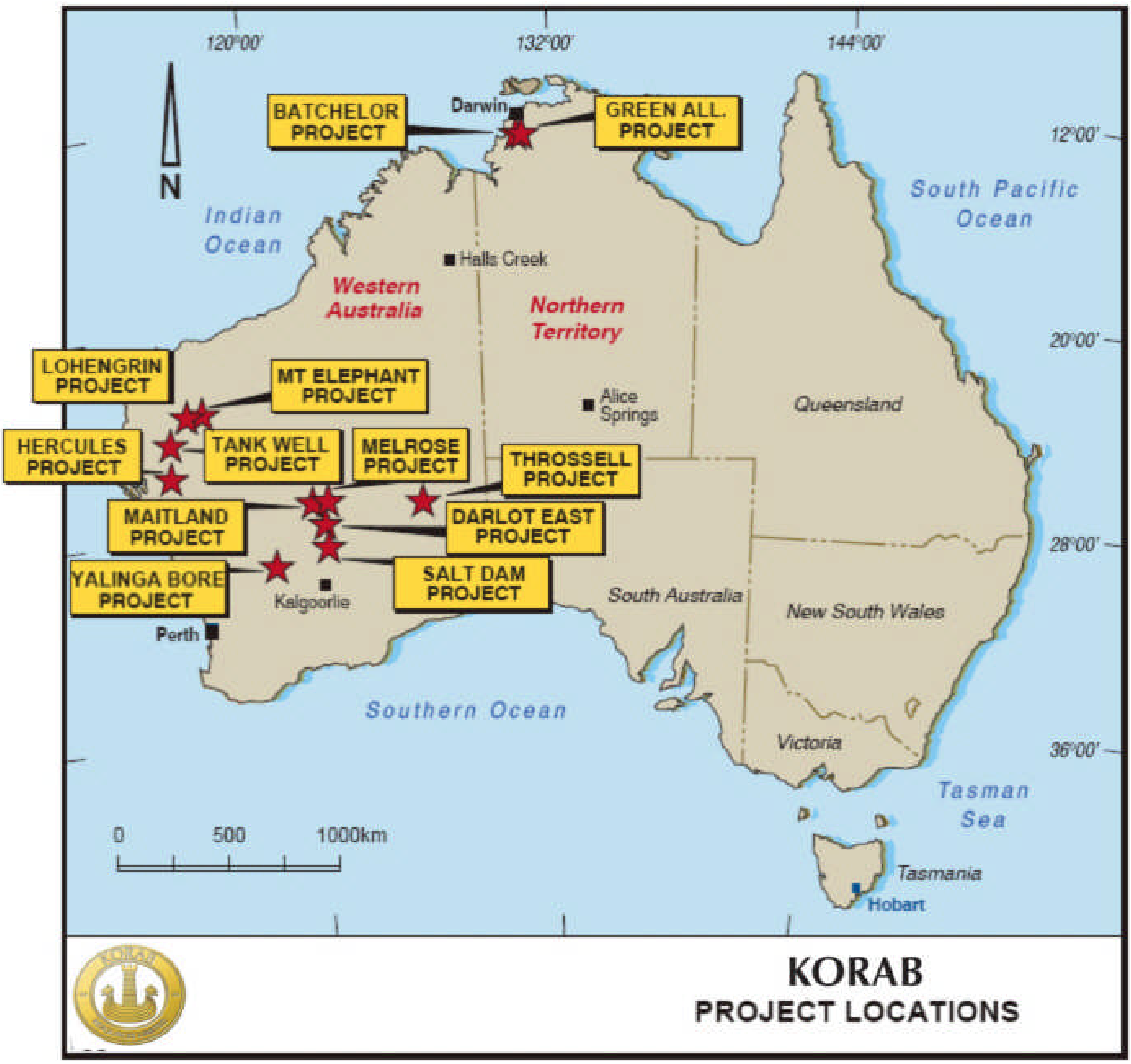

The Board of Directors presents its report on the consolidated entity of Korab Resources Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

BOARD OF DIRECTORS

The directors of the company during the half-year ended 31 December 2008 and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrej K. Karpinski	Executive Chairman, Director and Company Secretary of Korab Resources Limited ("KOR"), Uranium Australia Limited (UAU") and Lugansk Gold Limited ("LUG")
Rodney H. J. Skeet	Non-Executive Director of KOR and LUG - appointed to LUG on 03-10-2008

Derek Lenartowicz	Non-Executive Director of KOR, UAU and LUG – resigned KOR on 01-12-2008, resigned UAU on 14-09-2008, resigned LUG on 03-10-2008
Andrew B. Teo	Non-Executive Director of UAU
Stefano Maccora	Non-Executive Director of KOR – appointed 14-11-2008, resigned 28-11-2008, appointed on 28-11-2008, resigned 24-02-2009
Daniel Smetana	Non-Executive Director of UAU – appointed on 14-09-2008
Malcolm J. (John McKenzie)	Non-Executive Director of KOR and LUG – appointed to KOR on 12-02-2009

CORPORATE STRUCTURE

Korab Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was mineral exploration and evaluation of third party mineral properties.

REVIEW OF OPERATIONS

During the period, the company continued to develop, review and explore mineral properties in Australia and overseas.

The Company has continued development work at Bobrikovo gold/silver mine in Ukraine. During the reporting period contractors have completed the earthworks for the ore storage pad, tailings dam, office facilities and ancillary infrastructure. It is expected that the development work will recommence at Bobrikovo in the second quarter of 2009.

During the reporting period Company has actively pursued discussions and negotiations with third parties regarding several of the Company's projects with the aim of either selling the project outright or forming joint ventures to develop the projects jointly.

Korab is currently holding discussions with a number of parties regarding joint development of Bobrikovo gold/silver mine. The discussions are also in progress with multiple parties regarding either sale or joint development of the GeolSec rock phosphate deposit near Darwin in the Northern Territory and the Melrose gold deposit near Darlot in Western Australia.

RESULTS OF OPERATIONS

The operating loss after income tax of the consolidated group for the half-year ended 31 December 2008 was $819,662 (half-year ended 31 December 2007: $954,329).

The consolidated group's basic loss per share for the half-year was 1.08 cents (half-year ended 31 December 2007: 2.05 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2008 or for the half year ended 31 December 2008.

As at the end of the reporting period the company had approximately $700,000 in cash and available standby credit facilities. During the period, the Company has substantially reduced its operating costs through significant cuts to non-essential expenses. Furthermore, towards the end of the reporting period all Directors have agreed to defer payments of directors' fees and management fees.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the entity during the period to 31 December 2008 not otherwise dealt with in this report and the financial statements.

SUBSEQUENT EVENTS

There were no other significant events subsequent to 31 December 2008 not otherwise dealt with in this report and the financial statements.

FUTURE DEVELOPMENTS

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated group 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.

PROCEEDINGS ON BEHALF OF THE 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 those proceedings.

SHARES OPTIONS

As at the date of this report, there were 500,000 unlisted options which can be exercised into ordinary fully paid shares by payment of 10 cents per share on or before expiry date of 5 February 2011 (2007: nil).

REMUNERATION REPORT

The following table details the type and amount of remuneration for each Director of the Company.

Half-year ended 31/12/2008 Name	Primary: Salary / Fee		Post Employment: Superannuation		Equity: Shares / Options	Total
	Paid	Payable	Paid	Payable		
	$	$	$	$	$	$
Andrej K Karpinski	227,083	45,417	-	-	-	272,500
Rodney H.J. Skeet	10,000	3,000	-	-	-	13,000
Derek Lenartowicz	10,000	3,000	-	1,170	-	14,170
Andrew B. Teo	7,000	6,000	-	1,170	-	14,170
Daniel Smetana	-	-	-	-	-	-
Stefano Maccora	-	-	-	-	-	-
Malcolm J. McKenzie	-	-	-	3,690	-	-
TOTAL	254,083	57,417	-	6,030	-	313,840

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares of Korab Resources Limited are as follows. There are no options currently on issue other than disclosed elsewhere in this report.

Directors	Ordinary Shares				
	Balance as at 30 Jun 2008	Purchases	Balance as at 31 Dec 2008	Purchases following 31 Dec 2008	Balance on 23 Feb 2008
Andrej K. Karpinski	20,075,000	50,000	20,125,000	-	20,125,000
Rodney H.J. Skeet	579,408	91,148	670,556	-	670,556
Derek Lenartowicz	-	-	-	-	-
Andrew B. Teo	-	-	-	-	-
Daniel Smetana	501,618	-	501,618	-	501,618
Stefano Maccora	1,410,000	-	1,410,000	-	1,410,000
Malcolm J. McKenzie	5,646,421	-	5,646,421	-	5,646,421

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

From September 2005 to date, the Company carried Directors and Officers insurance (D&O insurance) covering all Directors of the Company. 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.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2008 has been received and immediately follows the Auditors Report.

KORAB RESOURCES LIMITED A.C.N. 082 140 252

Consolidated Condensed Income Statement

For the half-year ended 31 December, 2008

	Note	31 Dec 2008 $	31 Dec 2007 $
Interest income		3,280	39,503
Other income		9,458	-
Total revenue		**12,738**	**39,503**
Borrowing costs expense		(12,901)	(2,806)
Employee expenses		(5,114)	(275,442)
Non-executive directors' fees		(30,855)	(58,860)
Corporate advisory expenses		-	(27,629)
Conference, travel and public relations		(3,944)	(163,040)
Depreciation expense		(17,438)	(18,984)
Insurance expenses		(27,736)	(32,814)
Management contract fees		(272,500)	(278,213)
Office rent and outgoings		(36,094)	(21,704)
Unrealised foreign exchange loss		(79,863)	-
Other expenses from ordinary activities		(363,234)	(114,340)
Excess of interest in net fair value of subsidiary acquired over cost as per AASB 3: Business Combination		17,279	-
Loss from ordinary activities before income tax		**(819,662)**	**(954,329)**
Income tax revenue relating to ordinary activities		-	-
Loss for the period		**(819,662)**	**(954,329)**
Loss attributable to:			
Minority interest		(82,000)	(32,586)
Equity holders of the parent		(737,662)	(921,743)
		Cents	Cents
Earnings/(loss) per share for profit for the period			
Basic loss per share	3	(1.08)	(2.05)

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

The accompanying notes form part of these financial statements.

KORAB RESOURCES LIMITED A.C.N. 082 140 252

Consolidated Condensed Balance Sheet

As At 31 December, 2008

	Note	31 Dec 2008 $	30 Jun 2008 $
Current Assets			
Cash and cash equivalents		458,949	1,066,485
Trade and other receivables		169,080	451,747
Current tax assets		24,070	90,270
Total Current Assets		**652,099**	**1,608,502**
Non-Current Assets			
Intangible assets		288,570	288,570
Property, plant and equipment		112,034	122,193
Exploration and mining interest assets		4,562,955	3,795,933
Total Non-Current Assets		**4,963,559**	**4,206,696**
Total Assets		**5,615,658**	**5,815,198**
Current Liabilities			
Trade and other payables	4	374,543	436,466
Lease liabilities		76,543	10,274
Related party payables	5	63,447	-
Tax payable		3,348	-
Total Current Liabilities		**517,881**	**446,740**
Non-current Liabilities			
Lease liabilities		47,418	54,689
Related party payables	5	678,147	203,797
Total Non-current Liabilities		**725,565**	**258,486**
Total Liabilities		**1,243,446**	**705,226**
Net Assets		**4,372,212**	**5,109,972**
Equity			
Contributed equity	6	5,463,432	5,423,432
Foreign exchange reserve		22,666	564
Accumulated losses		(1,350,748)	(613,086)
Parent entity interest		4,135,350	4,810,910
Minority interest		236,862	299,062
Total Equity		**4,372,212**	**5,109,972**

The accompanying notes form part of these financial statements.

KORAB RESOURCES LIMITED A.C.N. 082 140 252

Consolidated Condensed Statement of Changes in Equity

For the half-year ended 31 December, 2008

	Share Capital $	Reserve $	Accumulated Losses $	Total $	Minority Interest $	Total Equity $
Balance at 01 July 2008	5,423,432	564	(613,086)	4,810,910	299,062	5,109,972
Shares issued during the period	40,000	-	-	40,000	-	40,000
Foreign currency translation	-	22,102	-	22,102	19,800	41,902
Loss for the half-year	-	-	(737,662)	(737,662)	(82,000)	(819,662)
Balance at 31 December 2008	**5,463,432**	**22,666**	**(1,350,748)**	**4,135,350**	**236,862**	**4,372,212**

	Share Capital $	Reserve $	Accumulated Losses $	Total $	Minority Interest $	Total Equity $
Balance at 01 July 2007	3,927,182	-	(1,031,407)	2,895,775	-	2,895,775
Shares issued during the period	1,575,000	-	-	1,575,000	-	1,575,000
Transactions costs on issuance of shares	(78,750)	-	-	(78,750)	-	(78,750)
Foreign currency translation	-	564	-	564	-	564
Loss for the half-year	-	-	(921,743)	(921,743)	(32,586)	(954,329)
Balance at 31 December 2007	**5,423,432**	**564**	**(1,953,150)**	**3,470,846**	**(32,586)**	**3,438,260**

The accompanying notes form part of these financial statements.

KORAB RESOURCES LIMITED A.C.N. 082 140 252
Consolidated Condensed Cash Flow Statement
For the half-year ended 31 December, 2008

	Note	31 Dec 2008 $	31 Dec 2007 $
Cash Flow From Operating Activities			
Payments to suppliers and employees		(460,409)	(964,107)
Payments for exploration costs and tenements		(727,022)	(1,232,862)
Interest and other costs of finance		(12,901)	(161)
Net cash used in operating activities	2	**(1,200,332)**	**(2,197,130)**
Cash Flow From Investing Activities			
Interest received		3,280	39,503
Payments for plant and equipment		(7,279)	(40,055)
Payments for trademarks		-	(14,895)
Costs incurred on acquisition of subsidiary		-	(1,380)
Net cash used in investing activities		(3,999)	(16,827)
Cash Flow From Financing Activities			
Proceeds from issue of shares		-	660,200
Transaction costs on issue of shares		-	(90,634)
Finance lease liabilities		58,998	(7,271)
Related party payables		537,797	-
Net cash provided by (used in) financing activities		596,795	562,295
Net decrease in cash held		(607,536)	(1,651,662)
Cash at the beginning of the year		1,066,485	2,328,523
Cash at the end of the period	1	**458,949**	**676,861**

The accompanying notes form part of these financial statements.

KORAB RESOURCES LIMITED A.C.N. 082 140 252

Consolidated Condensed Cash Flow Statement
For the half-year ended 31 December, 2008

	31 Dec 2008 $	31 Dec 2007 $

Note 1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	31 Dec 2008 $	31 Dec 2007 $
Term Deposit	75,000	-
NAB Business Cheque Account	2,590	30,642
NAB Cash Management Account	357,428	646,030
NAB Share Issue Cheque Account	19	89
Cash at other banks	23,094	-
Petty Cash	818	100
	458,949	**676,861**

Note 2. Reconciliation of net profit after tax to net cash flows from operations

	31 Dec 2008 $	31 Dec 2007 $
Net loss for the period	(819,662)	(954,329)
Adjustment for:		
Interest income classified as investing cash flow	(3,280)	(39,503)
Depreciation	17,438	18,984
Foreign exchange reserve	41,902	-
Non-cash borrowing costs	-	2,645
Movements in operating assets and liabilities:		
(Increase) decrease in tax assets	69,548	(37,052)
(Increase) decrease in trade and other receivables	282,667	7,799
(Increase) decrease in payments for exploration costs and tenements	(727,022)	(1,232,862)
Increase (decrease) in trade creditors and accruals	(61,923)	6,409
Increase (decrease in provisions	-	15,633
Increase (decrease) in other payables	-	15,145
Net cash provided by (used in) operating activities	**(1,200,332)**	**(2,197,131)**

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation of the Half-Year Financial Report

This half-year financial report is a general purpose financial report that has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the disclosing entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by KORAB RESOURCES LIMITED during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

Note 2: Statement of Significant Account Policies

Property, Plant and Equipment

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

Exploration Costs and Mining Tenement Licences

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

Cash

For the purpose of the cash flow statement, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

	31 Dec 2008 $	31 Dec 2007 $

Note 3: Earnings Per Share

Basic Loss per share (in cents)	(1.08)	(2.05)

The following reflects the income and share data used in the calculation of basic earnings per share:

	31 Dec 2008	31 Dec 2007
Income Data	$	$
Loss for the period	(737,662)	(921,742)
Earnings used in the calculation of basic earnings per share	**(737,662)**	**(921,742)**

	31 Dec 2008 No. of shares	31 Dec 2007 No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**68,000,000**	**45,000,000**

	31 Dec 2008 $	30 Jun 2007 $

Note 4: Trade and other payables

Trade payables	223,855	279,632
Accruals	61,721	-
Loan from Mulloway Pty Ltd	50,260	-
Credit card liability	10,910	4,287
PAYG withholding payable	6,318	58,114
Superannuation payable	422	16,661
Provision for FBT payable	16,516	69,959
GST payable	4,541	-
Share applications received in advance	-	7,813
	374,543	**436,466**

The loan from Mulloway Pty Ltd is unsecured and bears an interest rate of 10% pa acruing monthly in arrears on outstanding balances and payable on maturity on 1 April 2009.

Note 5: Related party payables

Current		
Non-executive directors' remuneration payable	12,000	-
Non-executive directors' superannuation payable	6,030	-
Management contract fees payable	45,417	-
	63,447	-
Non-current		
Loans from related parties	678,147	203,797
	741,594	**203,797**

Note 5: Related party payables (Contd.)

The loans from related parties are unsecured and bear the following interest rates:

	$	Interest rate
Loan from Rheingold Investments Corporation Pty Ltd	372,380	6.0% pa calculated monthly in arrears
Loan from Chancery Holdings Pty Ltd	50,330	7.11% pa calculated monthly in arrears
Loan from Minerva Property Holding	255,437	6.5% pa calculated monthly in arrears
	678,147	

Interest is payable on repayment and the loans are not repayable within 12 months from 31 December 2008.

	31 Dec 2008 $	30 Jun 2008 $

Note 6: Contributed Capital

Korab Resources Limited ("KOR")		
20,724,244 Ordinary shares at $0.01 fully paid	207,242	207,242
408,544 Ordinary shares at $0.05 fully paid	20,427	20,427
8,867,212 Ordinary shares at $0.10 fully paid	886,721	886,721
15,000,000 Ordinary shares at $0.20 fully paid	3,000,000	3,000,000
14,738,829 Ordinary shares at $0.07 fully paid	1,031,718	1,031,718
7,761,171 Ordinary shares at $0.07 fully paid	543,282	543,282
500,000 Ordinary shares at $0.07 fully paid	40,000	-
Total Ordinary shares fully paid	5,729,391	5,689,391
Less: Share issue costs	(265,959)	(265,959)
Total Contributed Equity	**5,463,432**	**5,423,432**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	31 Dec 2008 $	31 Dec 2007 $

Note 7: Related Party Transactions

(a) Directors' remuneration

Directors' remuneration are as disclosed in the Directors' Report.

(b) Transactions with related parties

Transactions between the Company and related parties during the half-years ended 31 December 2007 and 31 December 2008 are as follows:

	31 Dec 2008 $	31 Dec 2007 $
Payments made to Discovery Capital Limited# for:		
- Geological services	**-**	**20,700**

Discovery Capital Limited was issued $5,000,000 shares in the Company on 31 August 2005 and paid a cash amount of $50,000 as consideration for the acquisition of the Melrose Project. Discovery Capital Limited's shareholding as at 13 March 2008 was NIL shares.

	31 Dec 2008 $	31 Dec 2007 $

Note 7: Related Party Transactions (Contd.)

(b) Transactions with related parties (Contd.)

Payments made and payable to Rheingold Investments Corporation Pty Ltd* for:		
- Management contract fees paid	227,083	272,500
- Management contract fees payable	45,417	-
	272,500	**272,500**

* A K Karpinski is a director of Rheingold Investments Corporation Pty Ltd, A K Karpinski does not receive directors fees. Management contract fees form part of directors' remuneration and have been disclosed as such in the directors' report.

(c) Inter-entity loans^		
Loan to/(from) Uranium Australia Limited	76,722	(229,744)
Loan to Lugansk Gold Limited	320,675	300,000
	397,397	**70,256**

^ Uranium Australia Limited and Lugansk Gold Limited are subsidiary companies of Korab Resources Limited. Inter-entity loans are offset on consolidation.

Loans to/from Lugansk Gold Limited and Uranium Australia Limited are unsecured and interest free at balance sheet date.

Note 8: Subsequent Events

There were no other significant events subsequent to 31 December 2008 not otherwise dealt with in this report and the financial statements.

Note 9: Contingent Liabilities

The Executive Service Agreement entered into by Korab Resources Limited with Rheingold Investments Corporation Pty Ltd, was executed in July 2008. Under the Agreement, A K Karpinski, being the director of Rheingold Investments Corporation Pty Ltd, has agreed to provide management services to the Company at a rate of $327,000 per annum plus GST.

The Agreement may be terminated by the Company at any time by giving A K Karpinski twelve (12) months' notice. In the event the Company does not require A K Karpinski to work throughout the period of notice, the Company shall tender to A K Karpinski an amount of $327,000 plus GST.

The same agreement with the same termination clause was also entered into by Uranium Australia Limited with Rheingold Investments Corporation Pty Ltd at a rate of $218,000 per annum plus GST.

DIRECTORS DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 17:

   (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations; and

   (b) give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Andrej K. Karpinski, FAICD, F Fin
Executive Chairman

Dated this 16th March 2009

CORMAC SHARKEY & CO **ABN 78 590 918 304**
CHARTERED ACCOUNTANTS
CORMAC PATRICK SHARKEY CA
and
A.B.A. COMPUTER SERVICES **ABN 52 953 836 441**

Liability limited by a scheme approved
under Professional Standards Legislation

Level 1, 216 Stirling Hwy
CLAREMONT WA 6010
All correspondence to:
PO Box 937
NEDLANDS WA 6909
Tel: (08) 9383 3488
Fax:(08) 9383 3455
Eml: cormac.sharkey@
cpsharkey.iinet.net.au

Independent Auditor's Review Report

To the members of Korab Resources Limited

Report on the Half-Year Financial Report

Scope

We have reviewed the financial report of Korab Resources Ltd for the half-year ended 31 December 2008 as set out below:

1. Condensed Balance Sheet as at 31 December 2008
2. Condensed Income Statement
3. Condensed Statement of Changes in Equity
4. Condensed Cash Flow Statement
5. Statement of Accounting Policies
6. Other selected Explanatory Notes
7. Directors' Declaration

The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, and statutory requirements, so as to present a view that is consistent with our understanding of the disclosing entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Korab Resources Ltd is not in accordance with:

a. The *Corporations Act 2001*, including:

   i. Giving a true and fair view of Korab Resources Ltd's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

   ii. Complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

b. Other mandatory financial reporting requirements in Australia.

Cormac Sharkey & Co

16 March 2009

Principal: Cormac Patrick Sharkey
Chartered Accountant

Date

Level 1/216 Stirling Highway
Claremont WA 6010

CORMAC SHARKEY & CO
CHARTERED ACCOUNTANTS
CORMAC PATRICK SHARKEY CA
and
A.B.A. COMPUTER SERVICES

ABN 78 590 918 304

ABN 52 953 836 441

Level 1, 216 Stirling Hwy
CLAREMONT WA 6010
All correspondence to:
PO Box 937
NEDLANDS WA 6909
Tel: (08) 9383 3488
Fax:(08) 9383 3455
Eml: cormac.sharkey@cpsharkey.iinet.net.au

13 March 2009

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 in respect of Korab Resources Limited and its controlled entities.

In reviewing Korab Resources Ltd and its controlled entities for the half-year ended 31 December 2008, I confirm that to the best of my knowledge and belief neither I nor my staff have contravened:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Cormac Sharkey
Principal