



KORAB RESOURCES LIMITED

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Friday, 24 December 2010

OPERATIONS UPDATE

PHOSPHATE OFFTAKE AGREEMENT, GOLD IPO'S, URANIUM IPO, COPPER DRILLING

- Offer of off-take agreement for 100,000 tonnes per annum of phosphate rock
- Melrose Gold Mines Ltd expects to issue prospectus in January 2011
- Lugansk Gold Ltd expects to issue prospectus in February 2011
- Uranium Australia Ltd expects to issue prospectus in January 2011
- Drill program to test extensive copper anomalism at Ashburton Downs

PHOSPHATE OFFTAKE AGREEMENT

Korab Resources Ltd ("Korab", or "the Company") is pleased to advise that it has reached an understanding with overseas buyer regarding an off-take agreement for 100,000 tpa of direct shipping rock phosphate to be produced by Korab's 100% owned subsidiary Geolsec Phosphate Operations P/L at the Geolsec project at Rum Jungle in the Northern Territory ¹. An off-take agreement of this scale could potentially have significant impact on Korab's revenue stream. Commencement of deliveries under this off-take agreement would not only be a major milestone for Korab but could also lead to a substantial re-rating of the Company. **Negotiations regarding this off-take agreement are incomplete.** Geolsec rock phosphate deposit is located in the Northern Territory, 65 km by road or rail from the port of Darwin. Korab is intending to develop the deposit as a simple quarrying operation utilising modern techniques to reduce the environmental impact of the operations and to minimise the operating costs. The deposit is accessible during both dry and wet seasons. Local infrastructure includes sealed highway, railway line, gas pipeline, high voltage power and potable water. CAPEX and start-up costs are estimated at between \$200,000 and \$300,000.

Geolsec, Batchelor and Green Alligator projects form the Rum Jungle group where Korab has 100% rights to all minerals other than gold and uranium and thorium and 10% rights to uranium and thorium. Uranium Australia Ltd has 90% rights to uranium and thorium. Melrose Gold Mines Ltd has 100% rights to gold.

MELROSE GOLD MINES LTD IPO

Korab is pleased to advise that Melrose Gold Mines Ltd expects to issue its IPO prospectus in January 2011. Melrose Gold Mines Ltd has been spun-off from Korab in July 2010. Melrose Gold Mines holds advanced Melrose gold project located near Leinster in the Eastern Goldfields of Western Australia. Melrose deposits contain approximately 340,000 ounces of gold and, according to independent geological consultants, have further ore potential at depth and along strike.

JORC Code compliant resource at Melrose (Above 0.5 g/t cut-off)

Category	Zone	Ore Mass (t)	Grade (g/t)	Ounces
Measured	Boundary	652,154	1.73	36,262
Indicated	Boundary	2,662,763	1.73	148,506
Inferred	Boundary	703,209	1.36	30,822
	Bungarra	2,144,332	1.56	107,385
	Stirling	404,000	1.31	17,000
TOTAL RESOURCE		6,566,458	1.61	339,975

In addition to this project, Melrose Gold Mines also has rights to explore for gold and to develop any eventual gold discoveries within 1,300 km² of mineral properties in Western Australia and Northern Territory. At

¹ Any development work at Geolsec project is subject to receiving all required permits and approvals.

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Wonganoo project (adjoining the Melrose project) a wide zone of soil gold anomalism has been drilled to assess additional resource potential. This drilling program has discovered additional shallow high grade gold mineralisation extending over 1.5 km strike length with similar tenor to the nearby Bronzewing gold mine. Another gold exploration project is Darlot East project also located near Leinster in the Eastern Goldfields. The project lies just 3 km east of the Darlot and Centenary gold mines. At the Darlot East project independent consultants have identified exploration targets for structurally controlled deposits that formed synchronously with the 3 million ounce Darlot gold deposit. Previous work which included first-pass drilling, rock-chip and soil sampling has confirmed a wide zone of gold anomalism.

Other Melrose Gold Mines exploration projects are located in the Pine Creek orogen in the Northern Territory. The Pine Creek projects include the Sundance gold mine where shallow oxidised ore was removed for toll treatment in a relatively high grade open-cut operation with a mined grade of 10.7 g/t gold. Mineralisation occurs as vertical pipe-like structures that widen close to the surface to produce mushroom-shaped orebodies. Primary ore which was intersected in drilling below the open-cut pit comprises massive auriferous pyrite. Drill samples below the pit include 7.1 meters at 45.2 g/t Au and 11 meters at 12.1 g/t Au. Drill samples from the area to the east of Sundance pit include intercepts of 11 meters at 6.4 g/t Au, 7 meters at 8.53 g/t Au, 12 meters at 2.98 g/t Au and 7 meters at 2.56 g/t Au.

Melrose Gold Mines intends to use the funds to be raised under the prospectus to complete the feasibility study and the permitting process for the development of the Melrose project, to explore for additional mineral resource within its properties and for working capital. Melrose Gold Mines expects that the Melrose feasibility study will be completed by mid 2011.

LUGANSK GOLD LTD IPO

Korab is pleased to advise that Lugansk Gold Ltd expects to issue its IPO prospectus in February 2011. Lugansk owns and operates the 1 million ounce gold and silver Bobrikovo mine through its 100% owned subsidiary LLC "Donetsky Kryazh". Korab holds approximately 68% of the issued capital in Lugansk Gold Ltd.

Oxide and Fresh Ore Resources of the Mining Area at Bobrikovo (by Type of Ore)

(Above 0.5 g/t cut-off)

Zone	Category	Ore Mass (t)	Grade (g/t)	Ounces
Oxide	Measured	1,660,326	2.05	109,614
	Indicated	182,641	3.13	18,353
	Inferred	217,322	0.70	4,883
	Oxide Subtotal	2,060,289	2.01	132,850
Fresh	Measured	-	-	-
	Indicated	3,927,725	2.75	346,918
	Inferred	14,257,912	1.16	532,454
	Fresh Subtotal	18,185,637	1.50	879,372
Grand Total		20,245,926	1.55	1,012,222

Bobrikovo mine has been in operation since March 2010 mining and stockpiling the oxide ore pending the construction and commissioning of the processing plant. Lugansk Gold intends to use the funds to be raised under the prospectus to fund exploration for additional resource, to complete the feasibility study on the development of the fresh-rock section of the deposit and for working capital. Construction of the processing plant is expected to be financed out of the portion of the funds to be provided by strategic investor recently announced to the market. Lugansk Gold expects that the construction and commissioning of the processing plant will be completed by the end of 2011.

URANIUM AUSTRALIA LTD IPO

Korab is pleased to advise that Uranium Australia Ltd (which is Korab's joint venture partner within a number of projects located in Western Australia and the Northern Territory) expects to issue its prospectus in January 2011. Uranium Australia has been operating since 2007 as an unlisted public company. Uranium Australia

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holds several uranium and polymetallic projects covering approximately 1,300 km² in at Rum Jungle, Gascoyne, Pilbara, Ashburton and Yilgarn Craton. This portfolio contains several advanced-stage projects with large number of high-grade uranium anomalies confirmed by drilling, rock-chip sampling and soil sampling. Uranium Australia intends to use the funds raised under the prospectus to fast-track exploration at its projects to enable conversion of the anomalies to JORC compliant mineral resource status² and for working capital. Uranium Australia has acquired most of the \$50 million worth of historical data generated by the previous operators of the projects (Uranerz, PNC Australia, Pancontinental, CRA and others)

DRILL PROGRAM AT ASHBURTON DOWNS COPPER PROJECT

Korab is pleased to advise that following the grant of the Ashburton Downs project located in the Pilbara in Western Australia it has commissioned an independent consultant to commence exploration for hydrothermal copper mineralisation associated with four large-scale alterations suggesting widespread hydrothermal activity extending over a distance of 27 km. The largest of the anomalies has a surface expression of 10 km long by up to 3 km wide and is associated with a major fault structure. Diamond drilling in the vicinity of the structure intercepted volcanic hosted sulphides assaying up to 1.3% copper in multiple holes. All holes intersected ore minerals containing ankerite, chalcopyrite and pyrite. Rock-chip samples collected from nearby gossan/quartz vein assayed up to 10% copper. Exploration program which is to be undertaken in early 2011³ will include VTEM survey, reverse circulation and diamond core drilling. Ashburton Downs is held by Australian Copper P/L (a wholly owned subsidiary of Korab) and covers an area of 380 km² approximately 20 km south and south west of Paraburdoo in Western Australia. Past exploration has been limited to evaluation of the small area covering around 4 km² (approximately 1% of the project area) located in the vicinity of multiple outcropping gossans. Rock chip values from this area included 10% copper and 29 g/t gold in separate samples. Other surface soil and rock samples have returned results between 0.1% and 4.58% copper in multiple samples.

Korab Resources Ltd has 100% rights to all minerals other than gold within the Ashburton Downs project. Melrose Gold Mines Ltd has 100% rights to gold mineralisation within the project.

ABOUT KORAB RESOURCES LIMITED

Korab Resources Ltd is an Australian mining and exploration company based in Perth with operations in Australia and Europe. Korab's quarrying and mining projects include rock phosphate and magnesium. The company also manages exploration projects in Western Australia and the Northern Territory. More information about Korab's projects can be sourced from our website at www.korabresources.com.au Korab's shares are listed on Australian Securities Exchange (ASX) and trade on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

CONTACT

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

² There is no guarantee that additional exploration work will result in definition of a JORC code compliant mineral resource.

³ Drilling program is subject to receiving all required permits and approvals, weather, and availability of drill rigs.

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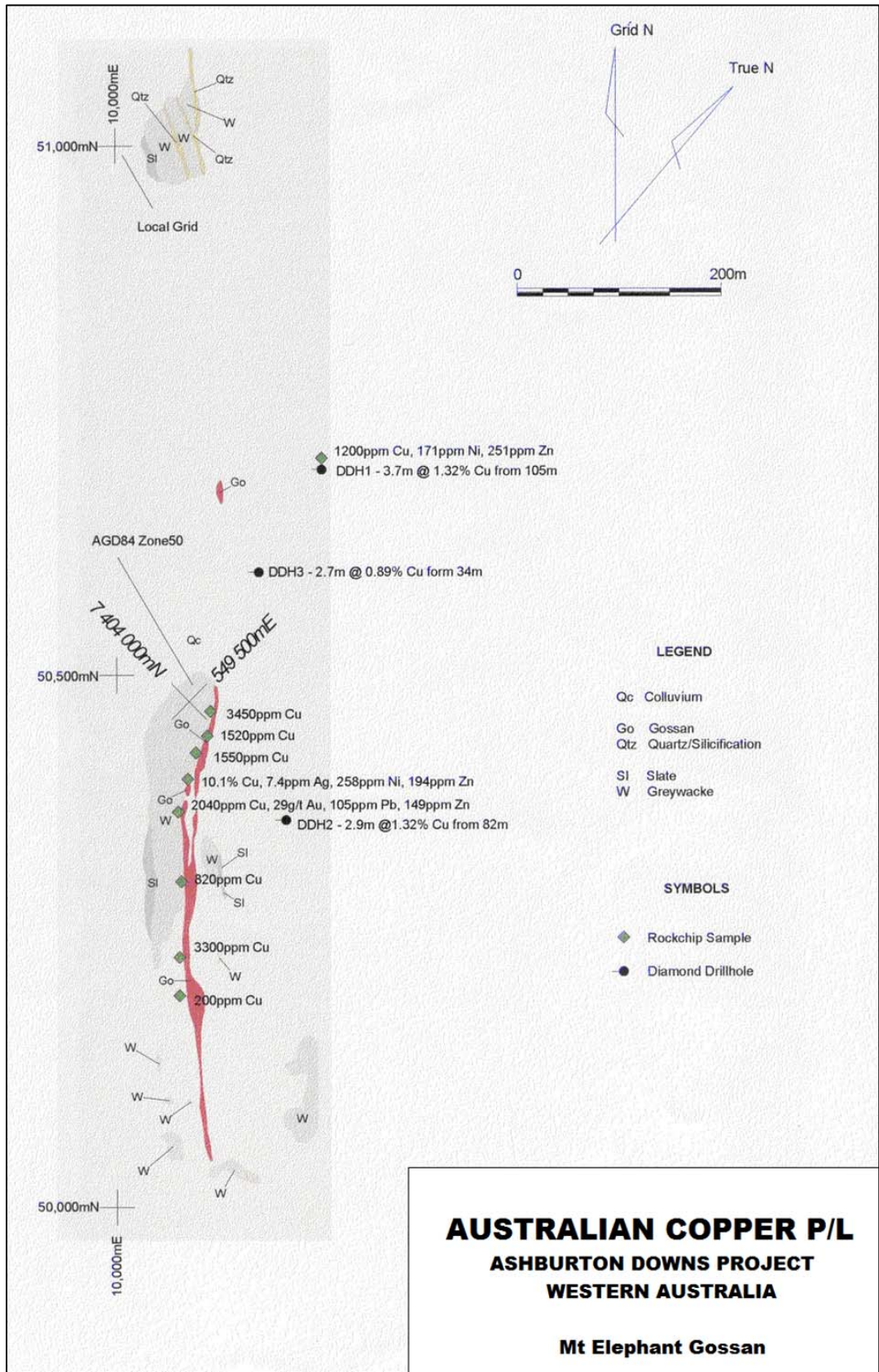




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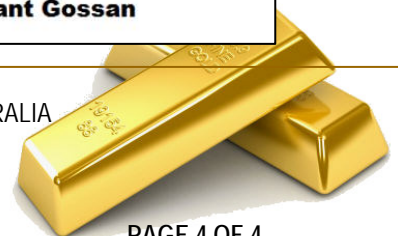
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AUSTRALIAN COPPER P/L ASHBURTON DOWNS PROJECT WESTERN AUSTRALIA

Mt Elephant Gossan



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