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ASX: KOR

Wednesday, 13 August 2008

By Electronic Lodgement

Company Announcements Office
ASX Limited
Exchange Plaza
Perth WA 6000

URANIUM AUSTRALIA IPO UPDATE

KEY POINTS

- Subject to ASX, shareholder and regulatory approvals Korab shareholders are to receive free Uranium Australia Ltd shares as an in-specie distribution on a pro-rata basis of 1.5 Uranium Australia Ltd shares for each 1 Korab Resources Ltd share held on record date.
 - General meeting of Korab shareholders (General Meeting) to be called for the second half of September 2008* to consider and vote on the following resolutions:
 - the spin-off and an IPO of Uranium Australia Ltd (a subsidiary of Korab Resources Ltd which holds majority of Korab's uranium assets);
 - the in-specie distribution of approximately 101 million Uranium Australia Ltd shares to Korab shareholders. The shares would be distributed on a condition that they would be subject to a trading lock (escrow) of no longer than 3 months from the date of commencement of trading in Uranium Australia Ltd shares on ASX, this condition would be subject to ASX approval. In addition, ASX may impose its own escrow on the in-specie shares.
 - the cancellation of the pro-rata priority entitlement for Korab shareholders to subscribe for shares under the Uranium Australia Ltd IPO prospectus.
 - Record date for the purpose of this in-specie distribution of Uranium Australia Ltd shares to Korab shareholders is expected to be 3* days prior to the date of the General Meeting.
 - The in-specie distribution is expected to be conducted within 5 business days after the General Meeting has approved the distribution.
 - Prospectus for the IPO of Uranium Australia Ltd is expected to be lodged with ASIC shortly after the in-specie distribution has been completed.
 - Uranium Australia Ltd is expected to seek to raise \$2 million under the IPO prospectus.
 - Uranium Australia Ltd IPO issue price is expected to be \$0.20 per share.
- * All dates are indicative and subject to ASX review and may be changed without notice at the discretion of Directors.

ASX INFORMATION

Last price
AU¢ 9

Issued capital
67.5 million shares

Market capitalisation
AU\$6.08 million



KORAB RESOURCES LIMITED

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Following the review of proposed spin-off of Korab's subsidiary Uranium Australia Ltd (UAU), Korab would like to advise the market that the directors have unanimously resolved to proceed to an initial public offering (IPO) of the securities of this subsidiary subject to receiving regulatory and shareholder approvals.

To this end, a General Meeting of Korab shareholders will be called for the second half of September 2008 to consider, and if thought fit, to approve (among others):

- an in-specie distribution to Korab shareholders of approximately 101 million UAU shares currently held by Korab (pre-IPO shares) on a condition that they would be escrowed from trading for a period of approximately 3 months from the date of commencement of trading of UAU securities on ASX;
- an IPO of approximately 10 million shares at 20 cents each (IPO shares) to raise \$2 million under a prospectus which is expected to be lodged with ASIC in first half of October 2008 (the Prospectus);

It is expected that pre-IPO shares would be distributed to Korab shareholders within 5 days after the in-specie distribution has been approved by the General Meeting. As part of this process, approximately 101 million UAU shares would be distributed to Korab shareholders on a basis of 1.5 UAU shares for each Korab share held on the record date.

It is expected that the record date for the purpose of the in-specie distribution of the pre-IPO shares will be a date approximately 3 days prior the date of the General Meeting. (For details please see the Indicative Timetable on the next page.)

The General Meeting would also be asked to vote on a non-binding resolution to cancel the pro-rata priority entitlement of Korab shareholders to subscribe for UAU shares during the IPO. This change is necessary because UAU needs to reserve some of the IPO shares for the general public to ensure that it satisfies the requirements of the Listing Rules of ASX.

To any extent possible, Korab shareholders would still receive a preferential treatment during the IPO allocation process, although there is a possibility that the IPO applications of Korab shareholders may be cut-back due to relatively small size of the IPO (10 million shares). However, these cuts-back will be more than offset by the in-specie distribution of 101 million of the pre-IPO shares to Korab shareholders.

Notice of the General Meeting is expected to be dispatched to Korab shareholders within next 2 weeks following its review by ASX.

Following the IPO of UAU, Korab will retain significant mineral assets. These assets include 20 polymetallic projects which have significant potential for gold, silver, nickel, copper, base metals, molybdenum, cobalt, iron ore and phosphates. The projects also contain JORC compliant resources of gold and magnesium mineralisation (announced to the ASX on previous occasions).

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Development of Korab's mineral assets within Australia has been hampered in the past by the fact that the production costs have been rising at a faster pace than the relevant commodity prices. This has led to rapidly shrinking profit margins which, when combined with increased commodity price volatility, substantially increased the risk that projects could operate at a loss.

Korab has been periodically reviewing the development options for its mineral assets and will continue to do so in the future and will, where appropriate, undertake development of its mineral resources. The Company will also continue to explore for metals and minerals other than uranium within its portfolio of mineral properties.

Korab and UAU are currently conducting an exploration program at our Northern Territory properties. We are actively searching for phosphates, uranium, iron ore, nickel, copper, cobalt, lead, zinc and gold. We expect that the initial assay results from the sampling program commenced last month will be available within next 2 weeks.

INDICATIVE TIMETABLE

Notice of meeting dispatched to shareholders	29 th August 2008
Record date for in-specie distribution of pre-IPO shares	24 th September 2008
General Meeting	30 th September 2008
In-specie distribution of pre-IPO shares	7 th October 2008
Holding statements mailed to Korab shareholders	7 th October 2008
Prospectus lodged with ASIC	17 th October 2008
Applications open	24 th October 2008
Applications close	24 th November 2008
IPO Shares allotted	28 th November 2008
Dispatch of holding statements to applicants	1 st December 2008
UAU securities commence trading on ASX	4 th December 2008

All dates are indicative, subject to review by ASX and may be change without notice at the discretion of Directors.

Regards

Andrej K Karpinski, FAICD, F Fin
KORAB RESOURCES LTD
EXECUTIVE CHAIRMAN

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