



# KORAB RESOURCES LIMITED

KORAB HOUSE

[www.korab.com.au](http://www.korab.com.au)

Wednesday, 10 March 2010

## BUNGARRA RESOURCE INCREASES BY 29%

### HIGHLIGHTS

- **Update of the Melrose gold project mineral resource at the first of four deposits completed**
- **Inferred resource at Bungarra deposit increases 29% from 1.66Mt to 2.14Mt at 1.56 g/t for 107,385 ounces (up from 87,215 ounces) at a 0.5 g/t cut-off, 15 g/t top cut.**
- **The resource includes a high grade section of 45,377 gold ounces contained in 0.429Mt at 3.29 g/t gold with a 2g/t cut-off**
- **Bungarra deposit remains open at depth with grades increasing with depth and with strong potential for additional resource at depth and along strike.**
- **Bungarra includes high grade shoots grading up-to 171 g/t.**
- **The resource is contained mostly within the top 75 meters and additional drilling will be undertaken in 2010 to extend the mineralisation**
- **Update of the Boundary gold deposit, the second of the Melrose deposits has commenced. Boundary current resource stands at 4.61Mt at 1.37 g/t for 203,000 ounces at 0.5 g/t cut-off and includes a high grade section of 0.91Mt at 2.96 g/t for 86,000 ounces at 2 g/t cut-off. Boundary deposit is open at depth and along strike.**

### MELROSE GOLD PROJECT RESOURCE UPDATE

Independent consultants, Hawker Geological Services, have completed review and update of the Bungarra gold deposit which is the first of the four deposits at the Melrose project that are being updated. Korab has commenced review of the mineral resource at Melrose to incorporate fresh drilling and assay data from two drilling campaigns completed by Korab since the last update of the mineral resource was carried out. Melrose project is 100% owned by Korab and is located in the Eastern Goldfields, 350 km north of Kalgoorlie and about an 80km from Leinster. The Melrose project consists of a 3 granted mining leases located within 5km distance and contains several gold deposits, the largest of which are Boundary, Bungarra, Stirling and Hurley's.

Current JORC Code compliant mineral resource base at Melrose project's includes only Boundary, Bungarra and Stirling. The mineral resource update which is currently under way is incorporating additional data to produce better picture of the existing and potential mineralisation at Bungarra, Boundary, Stirling and Hurleys deposits.

ASX  
KOR  
Last price  
AU¢ 33

BERLIN  
C6S.BE  
Last price  
€ 0.22

Issued capital  
78.5 million shares

Market capitalisation  
AU\$ 26 million  
€ 17 million



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As a consequence of the incorporation of fresh data, the inferred resource at Bungarra deposit has been **increased by 29% from 1.66Mt to 2.14Mt at 1.56 g/t for 107,385 ounces**. The inferred resource prior to the update was 87,215 ounces at a 0.5 g/t cut-off.

The review confirmed that Bungarra includes a high grade section of 45,377 gold ounces contained in 0.429Mt at 3.29 g/t gold with a 2g/t cut-off which could be mined at a low cost.

The modelling of the resource has shown that Bungarra deposit remains open at depth and along strike with grades increasing with depth offering strong potential for substantial increase in resource with additional drilling. The current resource is contained mostly within oxidised material approximately 75 meters from surface and additional drilling will be undertaken in 2010 to extend the mineralisation

Rock types at Bungarra are similar to other deposits within Wonganoo belt, but at least two separate pyrite rich granodiorite intrusions are recognised; a grey granodiorite and a melanocratic granite.

The weathering profile at Bungarra is averaging between 50m and 80m depth. However, supergene gold horizons within the saprolite are well developed and preserved. Portions of the oxide mineralization are potentially more steeply dipping and reflect primary orientations, rather than supergene processes.

Primary mineralization has been intersected in a deeper RC and diamond holes. Quartz-pyrite veins are steeply dipping to the west with individual metre grades of up to 86 g/t gold. They appear to be aligned north-northwest. **The highlights of the fresh RC drilling data which was incorporated into the new model were high grade gold shoots at depth grading up to 171 g/t. A significant primary gold ore body may exist at Bungarra or beneath adjacent areas of cover but this is yet to be confirmed.**

Now that the update of the Bungarra gold deposit has been completed, Hawker Geological Services Pty Ltd has commenced work on the Boundary gold deposit which is the second of the 4 gold deposits at Melrose. The Boundary resource currently stands at 4.61Mt at 1.37 g/t for 203,000 ounces at 0.5 g/t cut-off and includes a high grade section of 0.91Mt at 2.96 g/t for 86,000 ounces at 2 g/t cut-off. Boundary deposit is open at depth and along strike.

The Melrose project will be sup-off <sup>1</sup> into a new company Melrose Gold Mines Ltd. The new company will also hold other Korab's gold assets located in Australia, including Ashburton Downs and Darlot East in Western Australia and Sundance and Sundance East in the Northern Territory.

More information about the proposed spin-offs and other Korab's projects is contained in the recent ASX announcements:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01037143>

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01043584>

On completion of the spin-off of Australian gold asset, a definitive feasibility study will commence immediately on the Melrose project including: final project drill-outs to improve classification and short term reserve evaluations, permits applications, final metallurgical evaluations, engineering and geotechnical evaluations, and infrastructure requirements. This program is expected to be completed within the first 6 months following the IPO.

Geologically Melrose is amenable to conventional truck and shovel mining; initially free dig within the oxide. The project is located in close proximity to a major town and several existing gold deposits.

<sup>1</sup> *Subject to shareholder, ASX and regulatory approvals.*

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### 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, gold, silver and magnesium. More information about Korab's gold projects can be sourced from recent ASX announcements. The company also manages exploration projects in Western Australia and the Northern Territory. For more information about Korab please visit our website at [www.korabresources.com.au](http://www.korabresources.com.au) Korab's shares are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

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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



Drilling at Bungarra, Melrose gold project (WA)

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