



KORAB RESOURCES LIMITED

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8 October 2012

ATTRIBUTABLE JORC COMPLIANT GOLD INVENTORY INCREASES TO OVER 2 MILLION OZ*

Highlights

- **Attributable gold resource at Bobrikovo – 1.72 million ounces***
- **Bobrikovo deposit is open at depth and long strike offering potential for substantial additional gold mineralisation (see diagram on page 2)**
- **Attributable gold resource at Melrose – 0.34 million ounces*, taking the total attributable gold resource to 2.06 million ounces***

Korab Resources (ASX: KOR; "Korab" or "the Company") is pleased to advise that the update to the mineral resource at Lugansk's 100% owned Donetsky Kryazh gold mine increased the total resource to 2.041 million ounces of gold grading 1.7 g/t Au at a lower cut-off grade of 0.5 g/t Au*. The average grade increases to 2.8 g/t Au for a total of 1.612 million ounces of gold at a cut-off grade of 1g/t Au*. The average grade further increases to 4.8 g/t Au for a total of 1.124 million ounces of gold at a cut-off grade of 2 g/t Au*. Please see Appendix A on pages 3 and 4 for detailed mineral resource statement at various cut-off grades.

This resource update is based on all relevant data available at this time for the project area. Preparation and analysis of the data base and the resource calculation were performed by independent consultants. The content of this report, the results of the resource calculation and data analysis were reviewed and approved by independent geological consultants HGS Australia Exploration Services. Please see page 4 for the details of resource modelling and competent person statement.

About Lugansk Gold's Project

Lugansk Gold's 100% owned subsidiary Donetsky Kryazh owns and operates Bobrikovo gold mine located in Eastern Ukraine in the Lugansk Oblast (Province). Bobrikovo has been mining and stockpiling oxide ore and has commenced the development of the processing plant and other mine infrastructure. It is planned to develop the project as a simple open cut mine processing ore into concentrate using low-cost gravity-based plant. The concentrate is most likely to be smelted on site to produce doré bars.

Agreement reached to acquire remaining minority shares in Lugansk

Korab currently owns 84.3% of Lugansk and holds an indirect interest in 1.721 million ounces of Lugansk's gold mineral resource*. As foreshadowed in previous announcements, the Company has now successfully reached agreement with the remaining 2 shareholders in Lugansk who hold 3.5% of the Lugansk shares, to purchase their Lugansk shares subject to the Company having the capacity to issue Korab shares under listing rule 7.1 in payment of the purchase price. When completion of that transaction occurs in due course, Korab will own 100% of Lugansk and will increase its indirect interest in Lugansk's mineral resource to 2.041 million ounces of gold*.

As announced on 5 September 2012, Korab owns 100% of Melrose Gold Mines Ltd and holds 100% indirect interest in its mineral resource of 339,975 ounces of gold*. The total JORC Code compliant gold inventory where Korab has indirect interest stands now at 2.06 million ounces*.

* see Appendix A on pages 3 and 4 for detailed mineral resource statement at various cut-off grades.

ISSUED CAPITAL
110 MLN shares
37 MLN options

JORC COMPLIANT
GOLD RESOURCE
2.06 MLN ounces



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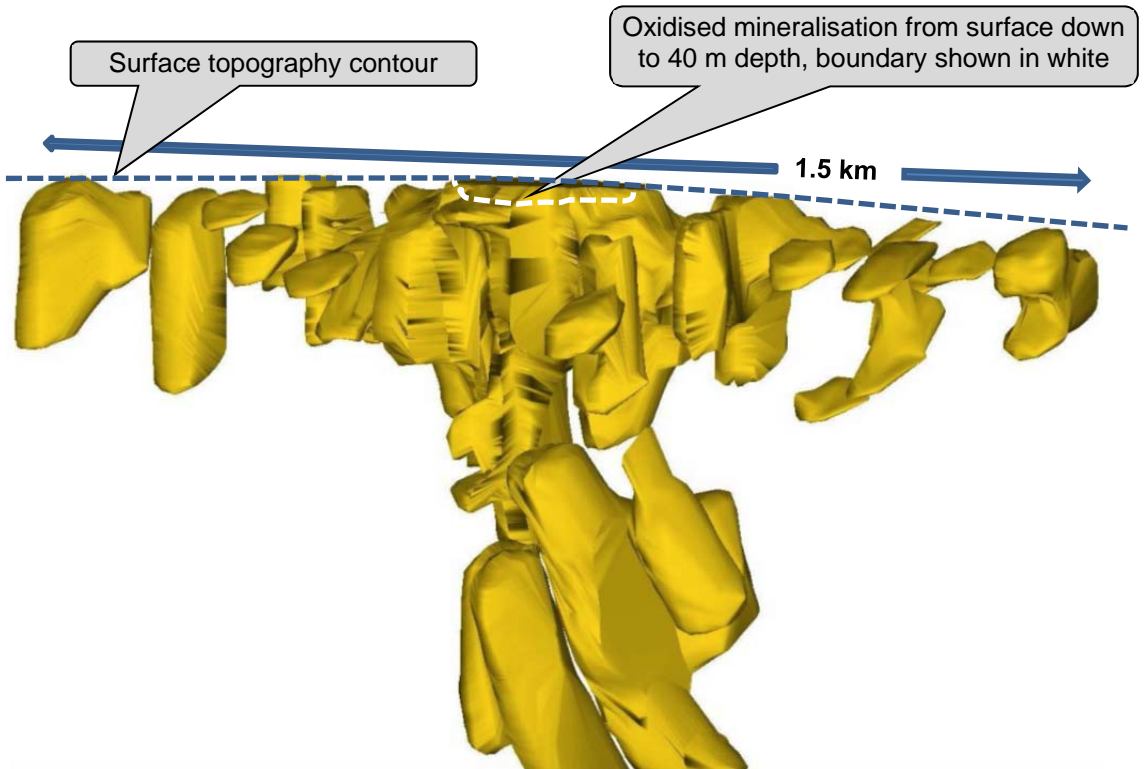


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3D VIEW OF GOLD MINERALISATION AT BOBRIKOVO



Mineralisation is open at depth and along strike and is constrained only by the extent of drilling.

The deposit is located within Nagolny Ridge, a part of a large intra-continental geological structure that extends from southern Europe east to Central Asia. This structure hosts several world-class gold mining operations including 170 million ounces Muruntau gold deposit as well as Vysokovoltnoe, and Bakirchic gold deposits. The style of mineralisation at Bobrikovo is similar to Muruntau deposit in Uzbekistan and to Sukhoi Log (57 million ounces of gold) deposit in Russia.

The deposit occurs on the intersection of deep fault zones. Mineralisation is controlled by NW-NNW trending anticline hinge, and occurs as concordant and discordant quartz-carbonate tension veins and stockworks. Host rocks of the Nagolny Kryazh comprise two structural stages: the lower, Precambrian, and the upper, Phanerozoic. The lower structure comprises deformed sequence of gneisses and crystalline schists. Precambrian basement is overlapped by 3 km-thick sedimentary rock sequence. Mineralised zone is 2.5-3 km long and 0.9 – 1 km wide.

Oxidised zone of gold mineralisation at the Bobrikovo deposit begins at the surface and extends down to 30-40 m. Fresh rock gold mineralisation starts at 30-40 m depth and continues to a depth of 3,200 m.

- Crustal environment: Nagolny Kryazh - centre of the Donetsk Fold Zone, on the E margin of the Ukrainian Shield.
- Structural regime: Intersection of the Osyovy & Elanchik-Rovenkov deep-seated fault zones, where the Osyovy Fault splays S and N. 7-25 m wide quartz-ankerite veins and stockworks sit at crest of NW-trending anticline (280-290°, 11 km long, 2.5 km wide).
- Host rocks: C2-P3 metamorphosed flysch greywacke-shale sedimentary rocks.

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- Ores: Carbonate-quartz veins and altered rocks with sulphide-gold mineralisation; fault controlled.
- Regional metallogeny: mercury, gold, base metals, silver, coal, sandstone-hosted uranium mineralisation
- Age of host rocks: Early-Carboniferous; Age of mineralisation: 270 Ma

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

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APPENDIX A

Bobrikovo Mineral Resource Statement At Various Cut-Off Grades

CURRENT MINERAL RESOURCE AT BOBRIKOVO PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

<i>Resource by category</i>					
At 0.5 g/t Au cut-off	VOLUME	ORE_MASS	AU_CONTENT	AU_MASS	AU_MASS
	[1000m3]	[1000t]	[g/t]	[t]	[Mln oz.]
Measured	664.130	1,660.321	2.053	3.409	0.110
Indicated	2,909.636	7,274.089	2.792	20.313	0.653
Inferred	11,263.358	28,158.399	1.412	39.749	1.278
Total	14,837.124	37,092.809	1.711	63.471	2.041

Totals may differ due to rounding

CURRENT MINERAL RESOURCE AT BOBRIKOVO PROJECT (ABOVE 1 G/T AU CUT-OFF GRADE)

<i>Resource by category</i>					
At 1 g/t Au cut-off	VOLUME	ORE_MASS	AU_CONTENT	AU_MASS	AU_MASS
	[1000m3]	[1000t]	[g/t]	[t]	[Mln oz.]
Measured	382.132	955.331	3.046	2.910	0.094
Indicated	2,909.636	7,274.089	2.792	20.313	0.653
Inferred	3,878.147	9,695.367	2.778	26.929	0.866
Total	7,169.915	17,924.786	2.798	50.152	1.612

Totals may differ due to rounding

CURRENT MINERAL RESOURCE AT BOBRIKOVO PROJECT (ABOVE 2 G/T AU CUT-OFF GRADE)

<i>Resource by category</i>					
At 2 g/t Au cut-off	VOLUME	ORE_MASS	AU_CONTENT	AU_MASS	AU_MASS
	[1000m3]	[1000t]	[g/t]	[t]	[Mln oz.]
Measured	188.577	471.443	4.720	2.225	0.072
Indicated	1,289.213	3,223.033	4.559	14.694	0.472
Inferred	1,409.386	3,523.466	5.118	18.034	0.580
Total	2,887.177	7,217.942	4.843	34.953	1.124

Totals may differ due to rounding

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Bobrikovo Resource Estimation and Modelling

Localisation of all drill holes and trenches is based on local (Ukrainian) coordinate system Pulkovo 1942 Gauss Kruger Projection, Zone 7. All maps and ore models prepared in local system are coherent. Preparation and analysis of the data base was performed by Geoexpert Ltd. Resource calculation was completed by Mincom Inc. using Mine Planning Software MineScape 4.119. The results of the resource calculation and data analysis were reviewed and approved by HGS Australia Exploration Services. The space of the area of interest with the vertical span from topography surface down to elevation -1040m a.s.l. has been filled out with rectangular 3D cells. 3D cell size for the part of the deposit containing the resource classified as a measured category was set to a cube of 1m x 1m x 0.55m. 3D cell size for the part of the deposit containing the resource classified as indicated and inferred categories was set to a cube of 4m x 4m x 0.55m. The value of Au content has been calculated for each cell of the block model (around 16M cells in total) using kriging. Interpolation method used was inverse power of distance, with inverse distance power of 4.

Melrose Mineral Resource Statement At 0.5g/t Au Cut-Off Grade

MINERAL RESOURCE AT MELROSE PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

Category	Tonnes	Grade g/t Au	Gold 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

Competent Person: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Andrew Hawker, who is a principal geological consultant for HGS Australia Exploration Services 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.

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