



# KORAB RESOURCES LIMITED

KORAB HOUSE

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

15 March 2013

## MINED TONNAGE AND GRADE RECONCILIATION ADDITIONAL CAPEX AND OPEX INFORMATION

### Mined Tonnage and Grade Reconciliation

Korab Resources (“Korab” or “Company”) is pleased to advise that grade reconciliation work completed on the mineral resource mined at the Company’s Bobrikovo open pit gold mine in Ukraine continues to show that the actual overall gold grades of rock mined exceed gold grades predicted by the block model used to estimate the resource in accordance with JORC code.

The deposit contains approximately 2 Mln ounces of gold estimated in accordance with JORC code (see Appendix A for details). Mineral resource is currently undergoing an upgrade.

Similar to the grade reconciliation reported in October 2012, the most recent reconciliation work conducted by the Company on the material mined from open pit in late 2012 and early 2013 continues to show that the mined grade of the low grade rock is approximately 2.60 g/t Au which is 60% higher than the 1.6 g/t Au grade predicted by the block model.

This variation is due to the extremely conservative model adopted for the estimation of the mineral resource (released to the market on 8 October 2012). The model used ID4 (inverse distance to the power of 4) and consequently generated an extremely conservative resource estimate by not allowing smoothing of the data. As a result, this would have underestimated the total ounces contained when compared to a model using a lower power interpolation method.

Grade reconciliation work also confirmed the mined grade of high grade rock is approximately 4.8 g/t Au which is consistent with gold grades predicted by the block model.

The gold grade reconciliation work covered 50,000 tonnes of the high grade rock and 285,000 tonnes of the lower grade rock mined by Korab. The Company has also mined approximately 700,000 tonnes of very low grade rock assaying under 0.8 g/t Au (averaging 0.5 g/t Au) which is currently stockpiled as waste but which may be considered for treatment in the future.

The tonnage and grade of oxide ore which has been mined by Korab and stockpiled on site is as follows:

Material mined	tonnes	grade g/t Au	ounces Au
High Grade	49,696	4.80	7,669
Lower grade	284,699	2.60	23,799
<b>Sub-total</b>	<b>334,395</b>	<b>2.93</b>	<b>31,468</b>
very low grade/waste	693,332	0.50	11,146
<b>Total</b>	<b>1,027,727</b>		<b>42,613</b>

### Additional CAPEX and OPEX Information

Korab advised in February that it is considering extraction of gold from the ore stockpiled on site using a low cost second hand gravity processing plan. The Company advised in early March that it has commenced construction of the gravity processing plant and the ancillary infrastructure including lab, mechanical workshops and the administration building at the mine site. At the same time, Korab released exceptionally positive results of the evaluation of the Stage 1 of economic development of the project which intends to process the ore mined and stockpiled by Korab using a second hand simple gravity circuit.

ISSUED CAPITAL  
134 Mln shares  
44 Mln options

ASX CODES  
KOR  
KORO

MARKET  
CAPITALISATION  
\$11 Mln



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Oxide ore from Bobrikovo is amenable to low cost gravity processing using a simple low cost circuit designed to produce concentrate containing gold, silver, and base metals. Bobrikovo oxide ore is very soft and brittle, thus requiring very little energy to grind it to suitable grind size. Additional benefit of the oxide ore is that its gold particles are relatively large and occur as free grains. This makes the oxide ore from Bobrikovo suitable for gold and silver extraction without the use of chemicals and at relatively coarse grind size. It is because of the excellent grindability and metallurgy of this heavily weathered ore that the CAPEX and the OPEX of Stage 1 development can be exceptionally low.

The operating profit from 12 month of production is expected to be around \$11.5 million before tax. Production is fully permitted, however the commencement of the production of concentrate will depend on the timing of the completion of the gravity processing plant. The CAPEX is estimated at \$700,000. The processing cost of ore to concentrate is \$295/ounce. The selling costs and the discount to the spot gold price upon sale of the concentrate to refinery is approximately 15% of the gold price.

The input variables used to generate the targeted operating profit, production profile and operating costs are as follows:

Variable	Value
Energy cost (\$/KWh)	0.25
Ore throughput (T/h)	50
Shifts/day	2
Hours/shift	10
Work days per month	20
Plant power (Kw/h)	90
Crusher feed loader (\$/t)	1.5
Crusher/mill power (KW/h)	650
Labour costs (\$/month)	60,000
Power cost (\$/KWh)	0.25
AU grade (g/t)	3.04
Au recovery to concentrate (%)	50%
Concentrate rate (%)	2%
Gold price (US\$/Oz.)	1,500
Transport (\$/month)	40,000
Discount to spot gold price on sale of concentrate (%)	15%

In line with the recently adopted Company policy to report the expected capital and operating costs and results both in dollar terms and in terms of gold ounces the table below summarises the expected capital and operating costs and operating results in terms of ounces of gold.

Item	Value
Capital costs (ounces Au)	470
Production profile (ounces Au/year)	11,730
Discounts on sale of concentrate (ounces Au/year)	1,760
Net revenue (ounces Au/year)	9,970
Processing costs (ounces Au/year)	2,300
Operating profit (ounces Au/year)	7,670
Gold price used US\$1,500/ounce	
US\$ exchange rate used AU\$1	

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## Project Description

The deposit is located in eastern Ukraine, 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 170 million ounces Muruntau deposit in Uzbekistan and to 57 million ounces of gold Sukhoi Log 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. Mineralised zone is 3 km long and 1 km wide. Exploratory drilling and seismic surveys indicate that mineralised rocks continue to at least 3 km depth. Whole rock geochemistry indicates that the mineralisation is mantle derived. 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.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

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## APPENDIX A

### Bobrikovo Mineral Resource Statement at Various Cut-Off Grades

#### CURRENT MINERAL RESOURCE AT BOBRIKOV 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
	[1000m <sup>3</sup> ]	[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
<b>Total</b>	<b>14,837.124</b>	<b>37,092.809</b>	<b>1.711</b>	<b>63.471</b>	<b>2.041</b>

Totals may differ due to rounding

#### CURRENT MINERAL RESOURCE AT BOBRIKOV 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
	[1000m <sup>3</sup> ]	[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
<b>Total</b>	<b>7,169.915</b>	<b>17,924.786</b>	<b>2.798</b>	<b>50.152</b>	<b>1.612</b>

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## 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
<b>Total</b>	<b>2,887.177</b>	<b>7,217.942</b>	<b>4.843</b>	<b>34.953</b>	<b>1.124</b>

Totals may differ due to rounding

**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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