



KORAB RESOURCES LIMITED

KORAB HOUSE

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18 March 2013

PRE-FEASIBILITY STUDY FOR 2 MILLION GOLD OUNCES BOBRIKOVO PROJECT

- Korab commenced pre-feasibility study for development of fresh rock mineralisation at Bobrikovo
- Pre-feasibility study targets production of 60,000-70,000 gold ounces per year
- Current mineral resource stands at 2.04 million gold ounces and is undergoing an upgrade
- Fresh-rock scoping study based on the current mineralised shell shows robust, low operating cost project
- Pit optimisation completed
- Process design completed for two alternative processing methods
- Additional drilling planned to extend the mineral resource and to increase the resource components classified as measured and indicated

Korab Resources (ASX: KOR; “**Korab**” or “**the Company**”) is pleased to advise that it has commenced pre-feasibility study for the fresh-rock zone (Stage 3) development at the 2.04 million gold ounces Bobrikovo Project located in eastern Ukraine (see Appendix A for details of the mineral resource).

Pre-feasibility study is targeting production of between 60,000 and 70,000 gold ounces per year from the fresh rock zone that commences below the oxide zone currently being mined. Oxide zone corresponds to the measured resource shown in the Appendix A.

The total mineral resource is currently undergoing an upgrade with the aim of increasing the indicated and measured components of the resource, as well as increasing the total mineral resource.

Korab is currently developing the oxide zone as a precursor to the development of the much larger fresh rock zone where it aims to increase the production to between 60,000 and 70,000 gold ounces per year.

As part of the development of the oxide zone, Korab has been mining and stockpiling ore on a campaign basis accumulating in excess of 340 thousand tonnes of high-grade and low-grade ore which contains 32,000 gold ounces ready for extraction. The ore is pre-crushed and is ready for milling and processing using simple low-cost gravity concentration circuit. 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. This rock contains additional 11,000 gold ounces. The tonnage and grade of oxide ore which has been mined by Korab and stockpiled on site is shown in Appendix A.

The mined rock grade reconciliation conducted by the Company shows that the mined grade exceeds the grade predicted by the mineral resource estimation block model by a significant margin. This variation is due to the extremely conservative model adopted for the estimation of the mineral resource. 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.

ISSUED CAPITAL
134 Mln shares
44 Mln options

ASX CODES
KOR
KORO

MARKET
CAPITALISATION
\$11 Mln



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Korab advised in February 2013 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 2013 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 oxide zone.

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.

Oxide ore from Bobrikovo is amenable to low cost gravity processing using a simple second-hand 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.

Large proportion of monies to be raised under the upcoming SPP will be used to fund the purchase and commissioning of the Stage 1 processing plant to enable early production of gold concentrate and generation of early cash flow. Part of the SPP monies will also be used to fund the pre-feasibility study on from the development of the fresh rock zone of Bobrikovo.

Further to the funding expected to come from the upcoming SPP, in December 2012 the Company signed agreement to sell the Winchester Magnesite Project in the Northern Territory for up to \$33 million in cash and royalties (subject to a number of conditions, including successful completion of the due diligence process). In the event that this sale proceeds to completion, part of the monies received will be used to fund the development of the 110,000 ounce oxide zone of the Bobrikovo Project and to fund the pre-feasibility study on the development of 1.93 million gold ounces contained in the fresh rock zone of the Bobrikovo Project.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

Andrej Karpinski
Executive Chairman
(08) 9474 6166

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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

TONNAGE AND GRADE MINED FROM OXIDE ZONE

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
Sub-total	334,395	2.93	31,468
very low grade/waste	693,332	0.50	11,146
Total	1,027,727		42,613

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

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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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