



# Korab Resources Limited

## Gold Operations Update – May 2013

Andrej K. Karpinski  
Executive Chairman



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# Korab Capital Structure and Board

**KORAB  
RESOURCES  
LIMITED**

<b>ASX :</b>	<b>KOR</b>
Shares on issue:	135 million
Options on issue (25 cents exercise price):	44 million
Last price:	\$0.07
Market Cap:	\$9 million
Top 20 shareholding:	57%
Directors shareholding:	20%

**Korab Historical Share Price Chart vs. Gold Index**



## Board of Directors

**Mr Andrej Karpinski**  
Executive Chairman

Background in exploration and mining company management, resources financing, commodities trading and funds management. Broad network of Australian and international contacts within resources and securities sectors

**Mr John McKenzie**  
Non-Executive Director

Background in resources investments, land development and construction. General business experience gained over many years in one of the largest private companies in Western Australia

**Mr Rodney Skeet**  
Non-Executive Director

Background in commodities financing and investment banking. Broad network of international contacts within resources and securities sectors and expertise in resources financing



# Robust Undervalued Gold Portfolio

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- **Gold inventory of 2.38 million ounces of gold in JORC resource\***
- **Bobrikovo gold and silver project in Ukraine**
  - Mineral resource of 2 million ounces Au\*
  - Exploration target of between 7 million ounces and 13.9 million ounces Au\*\* based on 55 million tonnes to 91 million tonnes of rock at an average grade of 4.8g/t to 5.8g/t Au
  - Soft, weathered, easy to mine rock in oxide zone, low strip ratio of 1.4 to 1
  - Low cost open cut mining and gravity processing
  - Stockpile of oxide ore on site - ready for processing, all permits in hand for gravity processing
  - Large landholding covering the mineral field
- **Melrose gold project in Western Australia**
  - 340,000 ounces\*
  - Shallow deposits with low strip ratio of 3 to 1
  - Granted mining leases with good access and no native title issues

\* See Appendix A for details of the mineral resource

\*\* Exploration target is in addition to the mineral resource and is not an estimate of mineral resource. The potential quantity of rock and its grade is conceptual in nature. There has been insufficient exploration to date within the areas to which this exploration target estimate refers to define a mineral resource and it is uncertain if further exploration will result in determination of a mineral resource within these areas.





# Korab Projects

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★ Korab Gold Projects

● Other Korab Projects



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# About the Bobrikovo Project

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- Project is located within a large intra-continental structure hosting several world-class gold mining operations including Muruntau, Vysokovoltnoe, and Bakirchic
- Tenor and style of mineralisation at Bobrikovo is similar to 170 million oz. Muruntau gold deposit and to 57 million oz. Sukhoi Log gold deposit
- Mineralisation is open at depth and along strike
- Historic mining region with very good infrastructure and highly skilled workforce
- Low cost operating environment
- Strong support from local, regional and national governments



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# Bobrikovo Project Description

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- Resource increased to 2 million ounces of gold over 2 years
- Over \$5 million spent to date by Korab Group on the project exploration, evaluation and development
- Over \$16 million spent on the project by previous owners (resource definition and exploration drilling, test mining, assays, metallurgy, process designs and feasibility studies)
- Deposit extends from surface – no prestrip required
- Easy to process oxide ore suitable for low cost gravity processing
  - 50%-65% recovery using second-hand gravity processing circuit
  - 79% recovery using purpose designed gravity processing circuit
- Metallurgy testing shows excellent recoveries of gold from oxide and fresh rock
  - Up to 98% recovery using conventional CIL from oxide ore
  - Up to 92% recovery using conventional CIL from fresh ore





# Bobrikovo Resource Base

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- Current gold resource at Bobrikovo
  - **2.04moz Au in 37 Mt @ 1.7 g/t Au (0.5g/t cut-off)**
- Bobrikovo gold resource includes high grade component
  - **1.12moz Au in 7 Mt @ 4.8 g/t Au (2g/t cut-off)**
- Measured and indicated resource totals
  - **0.76moz Au in 9 Mt @ 2.7 g/t Au (0.5g/t cut-off)**
- Bobrikovo deposit remains open at depth and along strike with strong potential for resource growth
- Visible silver in drill cores from oxide and fresh rock is not included in current resource model

<i>Resource by category</i>			
At 0.5 g/t Au cut-off	ORE_MASS	AU_CONTENT	AU_MASS
	[1000t]	[g/t]	[Mln oz.]
Measured	1,660.321	2.053	0.110
Indicated	7,274.089	2.792	0.653
Inferred	28,158.399	1.412	1.278
<b>Total</b>	<b>37,092.809</b>	<b>1.711</b>	<b>2.041</b>

<i>Resource by cut-off grade</i>			
Cut-off Grade	ORE_MASS	AU_CONTENT	AU_MASS
[g/t]	[1000t]	[g/t]	[Mln oz.]
0.5	37,092.81	1.71	2.041
1.0	17,924.79	2.80	1.612
1.5	11,558.65	3.67	1.363
2.0+	7,217.94	4.84	1.124



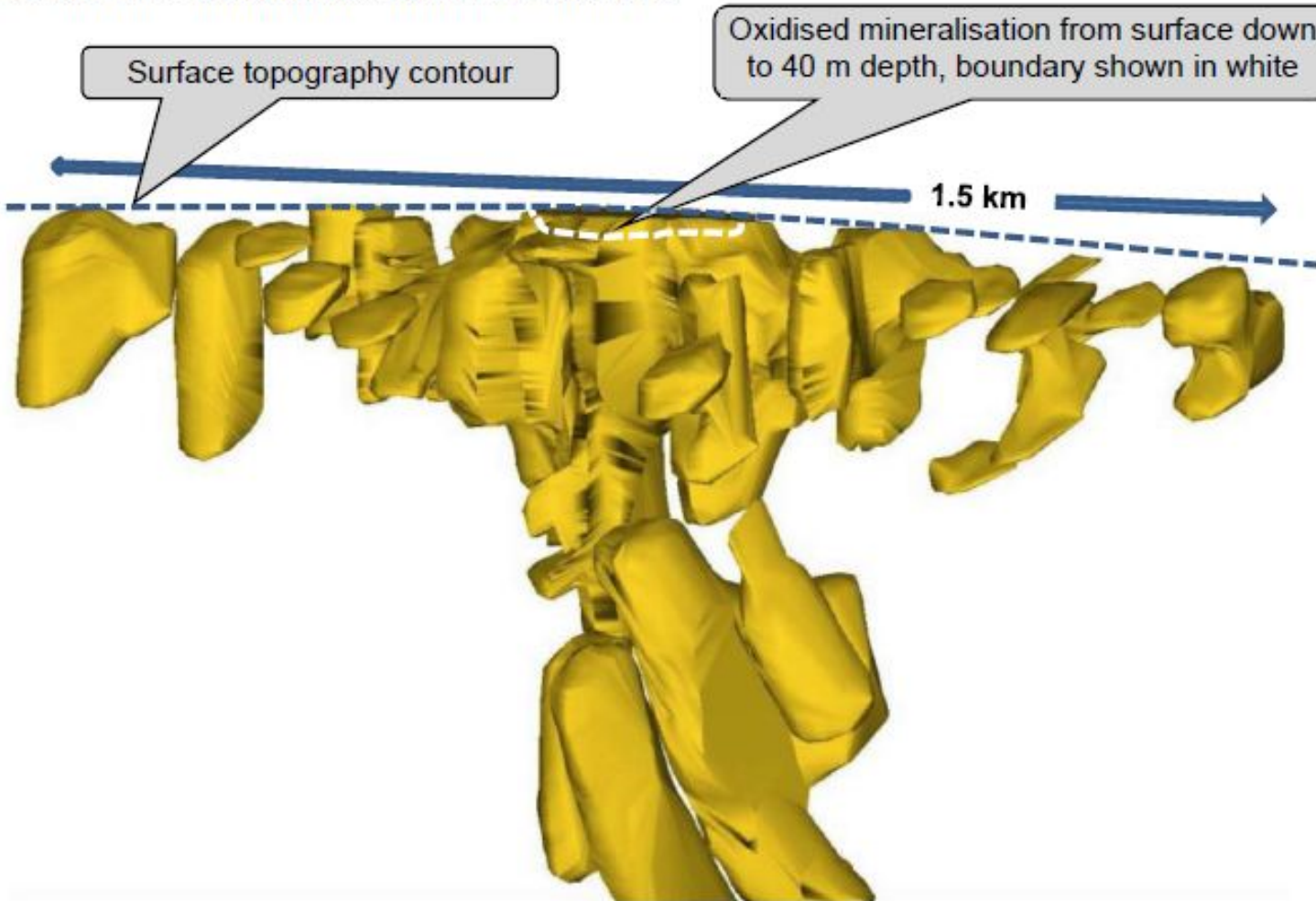
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# Resource Model at 0.5 g/t Au cut

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## 3D VIEW OF GOLD MINERALISATION AT BOBRIKOVO



- Current JORC resource is only constrained by depth and density of drilling
- Majority of drill-holes ended in mineralisation
- Drilling program to test for extensions at depth and along strike expected to be completed in second half of 2013 \*\*\*

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

\*\*\* Subject to funding



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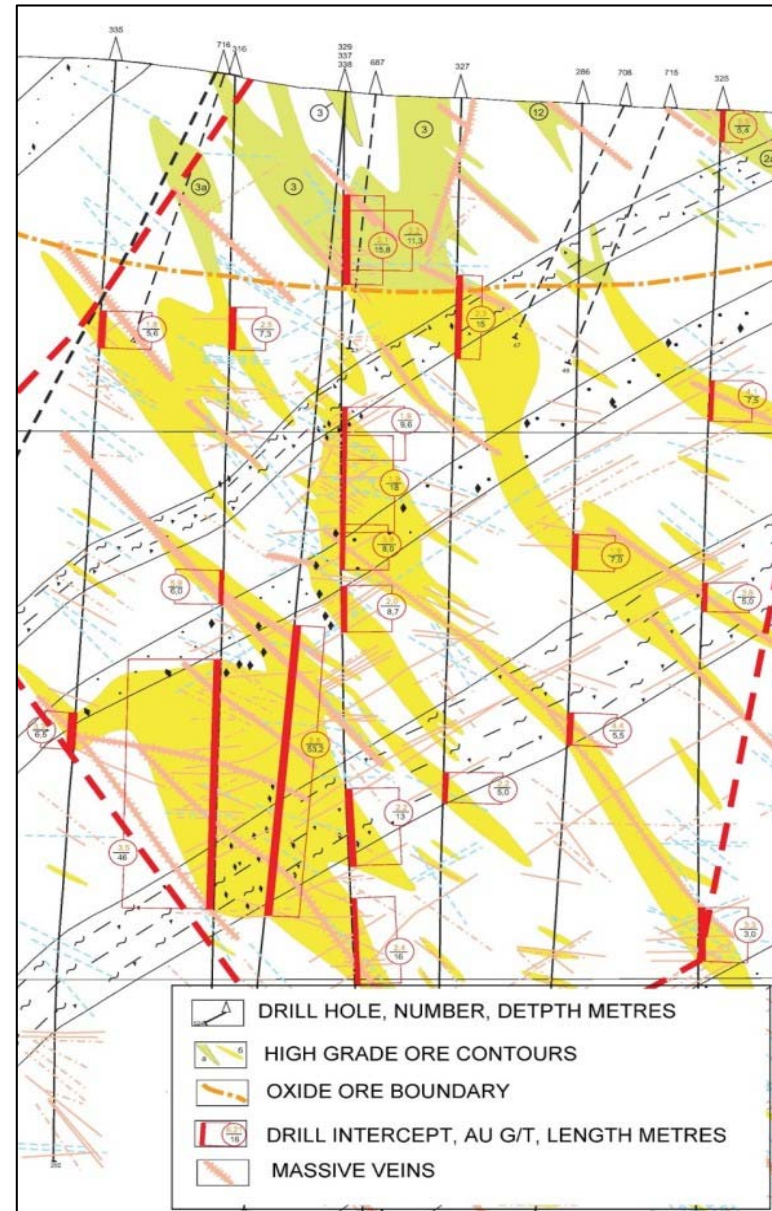


# Selected Significant Intercepts

Greater than 15m in width and greater than 2g/t Au

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- 45.5 m at 6.15 g/t Au and 27.9 g/t Ag from 1.5 m to 47 m
- 55.6 m at 2.25g/t Au and 17.2g/t Ag from 13.5 m to 69.10 m
- 19.3 m at 5.79 g/t Au and 18.7 g/t Ag from 2 m to 21.6 m
- 15.6 m at 4.81 g/t Au and 39.6 g/t Ag from 89.6 m to 105.2 m
- Assay data covers approximately 30,000 samples collected from 155 previously drilled diamond holes for a total of approximately 35,000 meters and 21 trenches for approximately 2,500 meters



Cross Section of Bobrikovo Mineralisation



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# Selected Significant Intercepts

Greater than 10m in width

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Hole_	From	To	Interv	Au Avera	Ag Avera	includin	Interv	Au Avera	Ag Avera
685	9.00	23.00	14.00	2.39	80.66	Including	2.00	4.90	216.00
687	11.00	30.00	21.50	4.76	56.15	Including	2.20	20.85	108.82
692	33.00	45.50	12.50	5.25	43.46				
693	1.50	47.00	45.50	6.15	27.90	Including	0.50	30.80	49.00
			45.50	6.15	27.90	Including	3.00	27.07	32.67
			45.50	6.15	27.90	Including	2.00	12.40	146.00
696	3.00	22.50	19.50	5.19	85.28	Including	1.00	12.20	635.00
			19.50	5.19	85.28	Including	2.00	20.40	176.00
720	6.50	25.40	18.70	3.15	23.61	Including	2.50	9.08	55.80
287	13.50	69.10	55.60	2.25	17.22	Including	14.60	4.62	29.83
316	107.20	118.50	11.30	2.31	10.23	Including	4.30	3.93	18.32
316	123.50	142.60	19.30	5.79	18.71	Including	2.40	6.65	52.74
320	2.60	48.00	12.90	5.29	14.40	Including	5.30	10.37	34.71
325	146.00	162.00	16.00	2.23	28.07	Including	3.00	2.63	22.40
328	0.66	11.26	10.20	0.62	13.00				
329	2.00	21.60	19.60	3.35	33.93	Including	2.90	8.63	124.90
331	21.80	33.40	11.60	2.44	25.70	Including	3.50	5.00	69.41
336	89.60	105.20	15.60	4.81	39.64	Including	1.40	20.70	41.20
337	88.70	99.20	10.50	1.87	8.08				
719a	12.20	24.20	12.00	3.23	53.90				
SH287	12.00	22.00	10.00	4.40	7.20				
SH334	14.00	24.00	10.00	8.24	0.00				



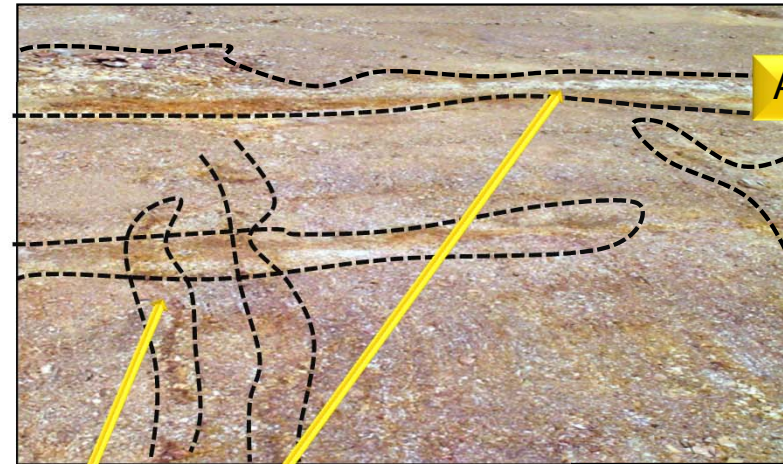
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# Bobrikovo Mineralisation Style

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- 2million oz. Au mineral resource where mineralisation is associated with extreme fracturing of the sandstone and metasomatic leaching causing a halo effect around the higher grade main veins.
- 7-13.9 million oz. Au exploration target sits within the same sedimentary sandstone regolith and along strike of the current resource.
- Gold is concentrated in vertical veins up to 10 m wide, vein zones and metasomatic alteration zones within sandstone-shale complex
- Mineralisation has been tested to extend over a strike of 2.5 km and is up to 1 km wide. Reconnaissance drilling to 3 km depth has shown existence of high grade mineralisation
- Whole rock geochemistry, seismic surveys and geophysical surveys suggest that the mineralisation is mantle derived and is likely to be open at depth.
- Deposit is located in an optimal setting for large multimillion-ounce gold deposits - on the intersection of deep faults, on the flexural deflection of a major anticline and at maximum upheaval of its hinge



**Concordant and discordant high-grade gold veins**

Close-up of gold vein "A" with a person to show scale





# Gold Production Key Points

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- Stage 1 gravity plant CAPEX estimated at \$700,000 (equivalent to 470 oz. Au)
- Stage 1 gravity plant to use 330,000 tonnes of a blend of high and low grade rock mined and stockpiled on site by Korab which will be blended to an average grade of 3.04 g/t Au
- Gravity processing of ore to run at a rate of 240,000 tpa with a 50%-65% estimated recovery rate of gold to concentrate based on metallurgical testwork
- Direct processing cost \$295 /ounce (equivalent to 2,300 oz. Au per annum). Other costs such as discounts on sale of concentrate, transport of concentrate, etc. estimated as 15% of value of gold contained, or \$225/ounce Au (equivalent to 1,760 oz. Au per annum)
- Target production of 11,730 ounces of gold per annum at a cost of \$520/ounce Au (equivalent to 4,060 oz. Au per annum)
- Estimated gross profit of \$11.5 million in 1<sup>st</sup> full year of production (assuming \$1,500/oz. Au market price) \*\*\*
- Korab has commenced construction of the processing plant and the ancillary infrastructure including lab, mechanical workshops and the administration building

\*\*\* Completion of processing plant and commencement of production is subject to availability of funding



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# In-country Management

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Korab has a strong technical team based in the Ukraine responsible for the existing mining operations

## Senior Management

**Mr A. Najmitdinov**  
Country Manager

Ex – Severstal Gold, Oxus Gold, and Newmont Gold, MBA from University of Denver, 10 years senior management level experience in development of gold projects in CIS

**Mr W. Gorshkov**  
Chief Geologist

Over 20 years geoscience experience in CIS at senior level including mine development and managing exploration teams

**Mr E. Derevyanko**  
Chief Mining Engineer

Over 20 years experience in managing open cut and underground mining operations, including planning, scheduling and supervision

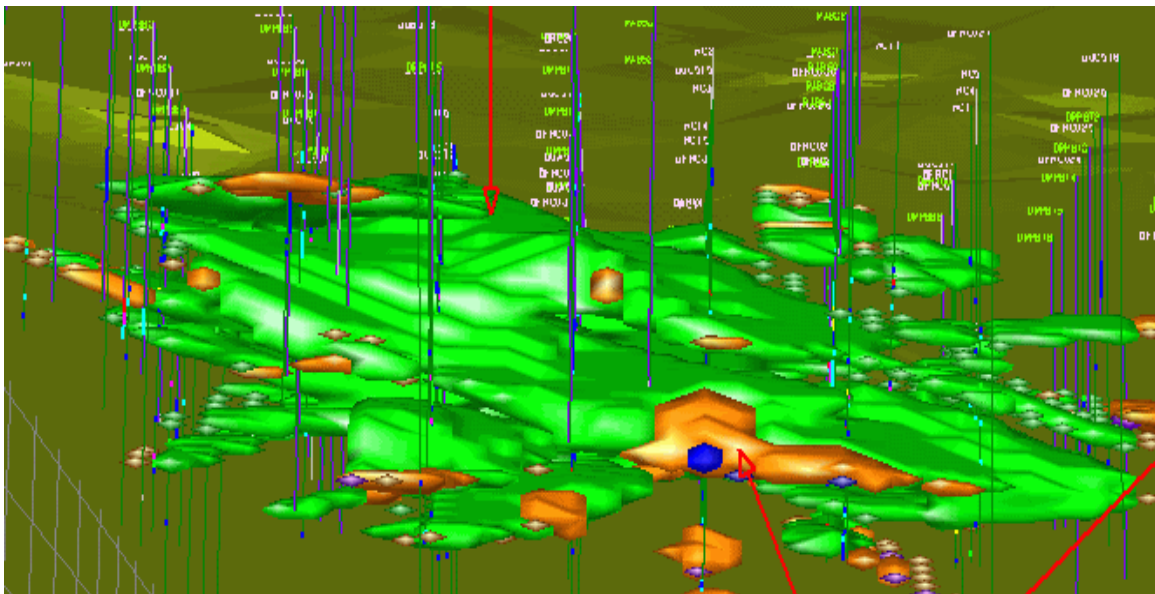




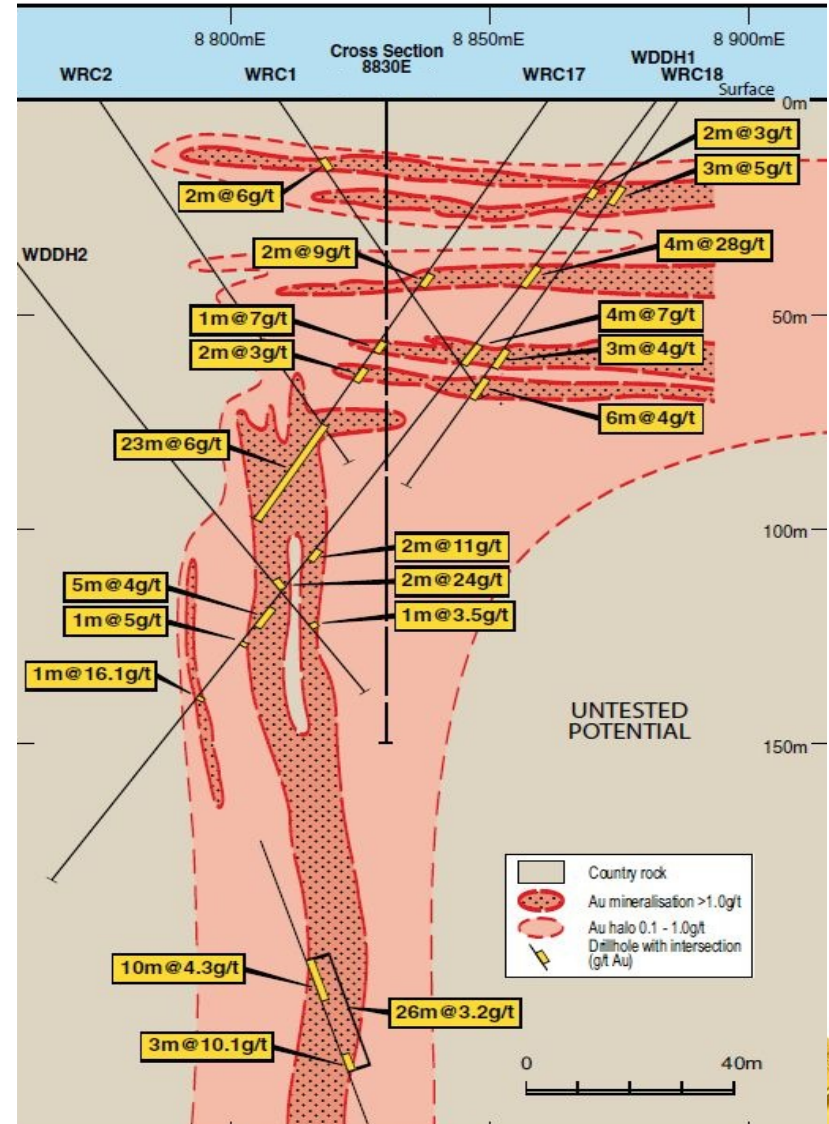
# Melrose Resource Base

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- Current gold resource at Melrose stands at **6.6 million tonnes @ 1.61 g/t for 340,000 oz. Au (0.5g/t cut-off)**
- Measured and indicated resource totals **3.3 Mt @ 1.7 g/t Au for 185,000 oz. Au**
- Melrose deposits remain open at depth and along strike with strong potential for resource growth
- Project is currently undergoing a scoping study following extensive metallurgical test work which showed excellent gold recoveries in heap leach amenability tests



Bungarra gold mineralisation



Boundary gold mineralisation





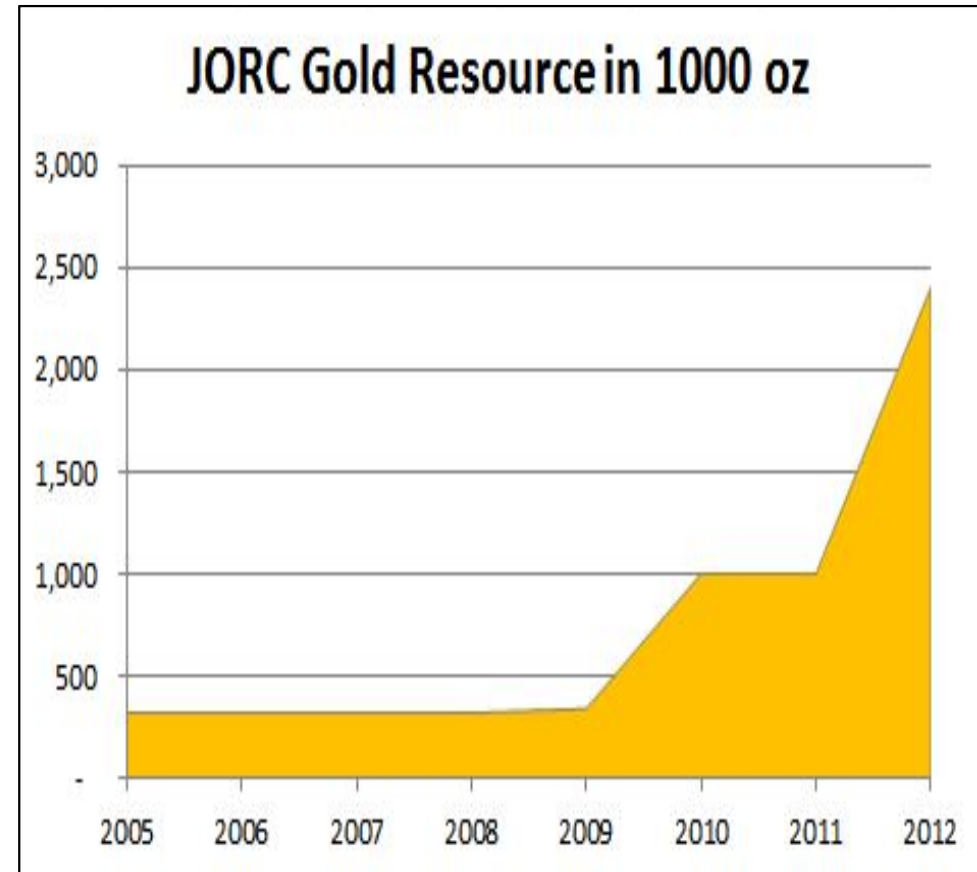
# Summary

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- Gold inventory of ~2.38 million ounces of gold in JORC resource\* plus substantial exploration potential (see page 2 for exploration target)
- Potential to become gold producer at exceptionally low capital cost (\$700,000) and very low processing costs (\$295/oz. Au)
- Fully permitted to commence processing via simple gravity circuit
- Targeting start-up of small scale production in 2013 to generate cashflow and fund further exploration and development\*\*\*
- Baker Steel Capital Managers LLP recently became substantial holder with 8% of issued shares
- Tight register with 57% of issued shares held by top 20 shareholders
- Strong incentive for management to build value. Management, directors and related parties hold 20% of issued shares

\* See Appendix A for details

\*\*\* Subject to availability of funding for plant, equipment and construction



Growing JORC gold resource base

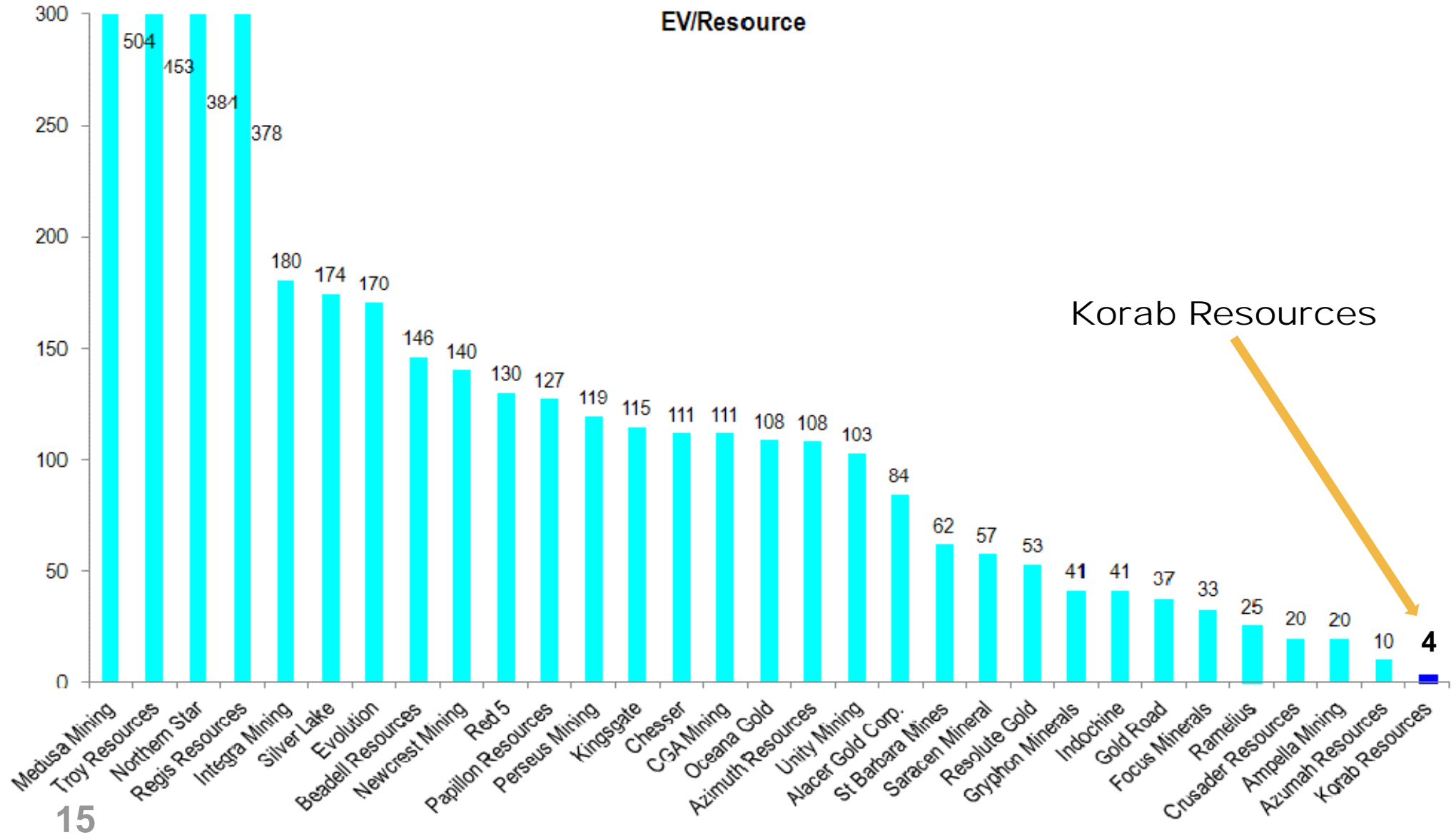


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# Peer Comparison

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Korab Resources





# Appendix A

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Bobrikovo Gold Resource at 0.5 g/t Au			
Category	Tonnes '000	Grade g/t Au	Gold Ounces
Measured	1,660	2.05	0.11
Indicated	7,274	2.79	0.65
Inferred	28,158	1.41	1.28
<b>Total</b>	<b>37,093</b>	<b>1.71</b>	<b>2.04</b>

Bobrikovo Gold Resource at 2 g/t Au			
Category	Tonnes '000	Grade g/t Au	Gold Ounces
Measured	471	4.72	0.07
Indicated	3,223	4.56	0.47
Inferred	3,523	5.12	0.58
<b>Total</b>	<b>7,218</b>	<b>4.84</b>	<b>1.12</b>

Bobrikovo Gold Resource at 1 g/t Au			
Category	Tonnes '000	Grade g/t Au	Gold Ounces
Measured	955	3.05	0.09
Indicated	7,274	2.79	0.65
Inferred	9,695	2.78	0.87
<b>Total</b>	<b>17,925</b>	<b>2.80</b>	<b>1.61</b>

Melrose Gold Resource at 0.5 g/t Au			
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
<b>Total Resource</b>	<b>6,566,458</b>	<b>1.61</b>	<b>339,975</b>

Bobrikovo Gold Resource at 1.5 g/t Au			
Category	Tonnes '000	Grade g/t Au	Gold Ounces
Measured	655	3.88	0.08
Indicated	4,605	3.71	0.55
Inferred	6,299	3.62	0.73
<b>Total</b>	<b>11,559</b>	<b>3.67</b>	<b>1.36</b>





# Important Information

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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 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.

