



KORAB RESOURCES LIMITED

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Friday, 28 May 2010

BOUNDARY RESOURCE GRADE UP 22%

HIGHLIGHTS

- **Global resource grade increases 22% to 1.67 g/t Au from 1.37 g/t Au. Global resource at Boundary deposit increases 7% to 215,590 gold ounces (4.02Mt grading at 1.67 g/t Au) from 202,000 gold ounces at a 0.5 g/t cut-off.**
- **Measured resource at Boundary deposit increases 21% to 36,262 gold ounces (0.65Mt grading at 1.73 g/t Au) from 30,000 gold ounces at a 0.5 g/t cut-off. Measured resource grade increases 27% to 1.73 g/t Au from 1.36 g/t Au**
- **Indicated resource at Boundary deposit increases 17% to 148,506 gold ounces (2.66Mt grading at 1.73 g/t Au) from 127,000 gold ounces at a 0.5 g/t cut-off. Indicated resource grade increases 32% to 1.73 g/t Au from 1.31 g/t Au**
- **The resource includes a high grade section of 119,967 gold ounces contained in 1.09Mt grading at 3.43 g/t gold with a 2g/t cut-off**
- **Approximately 86% (184,768 ounces) of the Boundary deposit mineral resource is in measured and indicated categories**
- **Boundary deposit remains open at depth with grades increasing with depth and with strong potential for additional resource at depth and along strike.**
- **Update to mineral resource at Melrose has been completed and Korab will now move to the IPO of Melrose Gold Mines Ltd to take advantage of the current strong gold price. Additional drilling and resource modelling will be undertaken immediately following the IPO to extend the mineralisation**
- **Korab shareholders to receive between 1 and 1.3 free shares in Melrose Gold Mines for each 1 Korab share¹. In addition to the free shares, Korab shareholders to have priority to subscribe for additional shares in the Melrose Gold Mines IPO at a rate of 1 IPO share for each 7 Korab shares.**

ASX
KOR
Last price
AU\$ 39.5

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Last price
€ 0.27

Issued capital
78.5 million shares

Market capitalisation
AU\$ 31 million
€ 21 million

MELROSE GOLD PROJECT RESOURCE UPDATE, SPIN-OFF, IPO

Independent consultants, Hawker Geological Services, have completed review and update of the Boundary gold deposit. 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.

Melrose project is being spun-off into a new company Melrose Gold Mines Ltd. The new company will also hold other Korab's gold assets located in Australia, including the Darlot East gold project as well as gold mineralisation at Ashburton Downs project in Western Australia and gold mineralisation at Batchelor and Green Alligator projects in the Northern Territory. Korab shareholders will receive between 1 and 1.3 free shares in Melrose Gold Mines for each Korab share ¹. In addition to the free shares, Korab shareholders will also have priority ahead of other applicants to subscribe for additional shares in the Melrose Gold Mines IPO. The priority entitlement will be at a rate of 1 IPO share for each 7 Korab shares.

¹ *Subject to shareholder approval*

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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. Korab has initially 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. The mineral resource update was undertaken to produce better picture of the existing and potential mineralisation at the project at Bungarra, Boundary, Stirling and Hurley's Reward prospects. At present, only Bungarra, Boundary and Stirling have a JORC Code compliant mineral resource. Bungarra, and Boundary deposits - where the mineral resource update has already been completed - contain approximately 95% of the JORC Code compliant mineral resource.

Because of time constraints, it is felt that further work on the Melrose resource update prior to the IPO is not warranted. The time that would be required to complete the update of the Stirling deposit and to calculate a maiden resource for the Hurley's Reward and Boundary North deposits will be better spent on fast tracking the IPO process to take advantage of the current strong gold price.

Following the IPO, additional drilling and resource modelling will be undertaken at Melrose as part of the definitive feasibility study. This process will also include the mineralisation at Boundary North, Stirling and Hurley's Reward. As already advised to the market, on completion of the IPO of Melrose Gold Mines Ltd, 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.

MINERAL RESOURCE AT BOUNDARY DEPOSIT

Whilst the Boundary gold resource has increase by 7% to 215,590 gold ounces (4.02Mt grading at 1.67 g/t Au) from 202,000 gold ounces, more importantly, the resource grade has increased 22% to 1.67 g/t Au from 1.37 g/t Au. Utilisation of advanced interpolation methods incorporating geostatistical analysis and Ordinary Kriging have allowed to more accurately define high grade shoots within Boundary deposit which has lead to significant increase in the average grades. The updated Boundary mineral resource is broadly based on the previous reported Boundary resource of fully constrained zones of primary and supergene (shallow) mineralisation.

Another important point to make is that all of the increase in the mineral resource at Boundary deposit was in the measured and indicated categories. As a consequence, approximately 86% (184,768 ounces) of the Boundary deposit mineral resource is now in measured and indicated categories.

Whilst the measured resource at Boundary deposit has increased by 21% to 36,262 gold ounces (0.65Mt grading at 1.73 g/t Au) from 30,000 gold ounces, the grade has increased by 27% to 1.73 g/t Au from 1.36 g/t Au.

Similarly, whilst the indicated resource at Boundary deposit has increased by 17% to 148,506 gold ounces (2.66Mt grading at 1.73 g/t Au) from 127,000 gold ounces, the resource grade has increased by 32% to 1.73 g/t Au from 1.31 g/t Au.

The global resource at Boundary includes a high grade section of 119,967 gold ounces contained in 1.09Mt grading at 3.43 g/t gold with a 2g/t cut-off.

GLOBAL RESOURCE AT MELROSE PROJECT

As a consequence of the mineral resource update, the total resource at the Melrose gold project has increased by 11%, but more importantly, the average grade has increased by 13% with most of the

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increase occurring in the measured and indicated categories. This has a potential to translate into further improvements to the Melrose project economics.

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

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 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

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