



**KORAB**  
**RESOURCES**

# Asset Development Strategy

April 2012

Andrej Karpinski  
Executive Chairman

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

ASX: **KOR**

# Value Proposition



## Investment

- Lugansk – 1 million ounce gold resource, with exploration upside
- Winchester – 17 million tonnes magnesite, development phase
- Geolsec – phosphate, development phase
- Melrose and others – early to advanced stage exploration for copper, gold, and base metals
- Market capitalisation of \$15 million
- Announced \$1.78m placement in March 2012 to advance exploration and development activities, driving value into the Company's portfolio of assets
- Tightly held stock with top 20 holding over 50 per cent and directors holding over 30 per cent

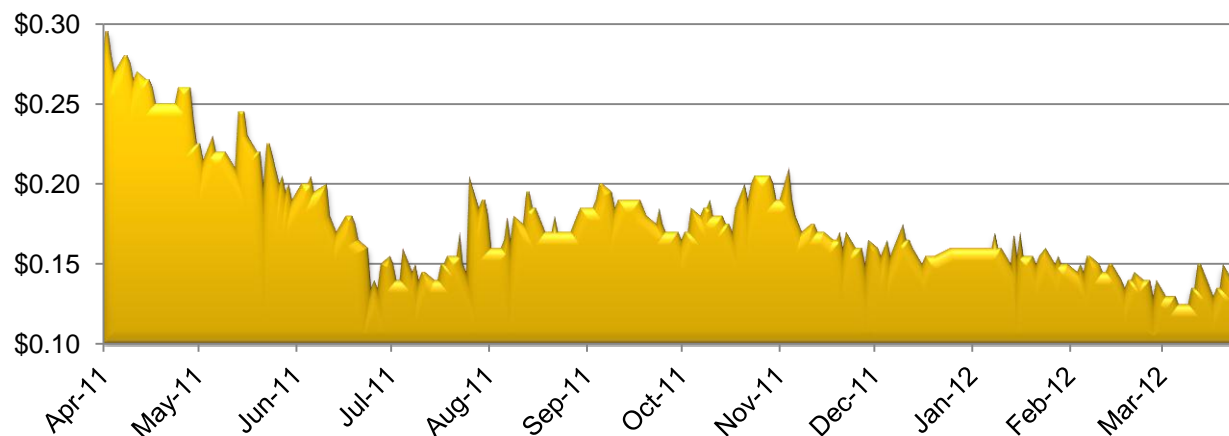
## Asset Developer

- Corporate model to locate, acquire, advance and crystallise value from resources projects
- Excellent track record of identifying and acquiring late stage resources projects for an attractive consideration price
- History of adding significant value for Korab shareholders

# Korab Overview



Market Cap:	\$15.1 million
ASX :	KOR
Shares on issue:	101.2 million*
Options on issue:	Nil
Last price:	\$0.15
Top 20 shareholding:	50% +
Directors shareholding:	30% +



## Board & Management

**Andrej Karpinski**  
*Executive Chairman*

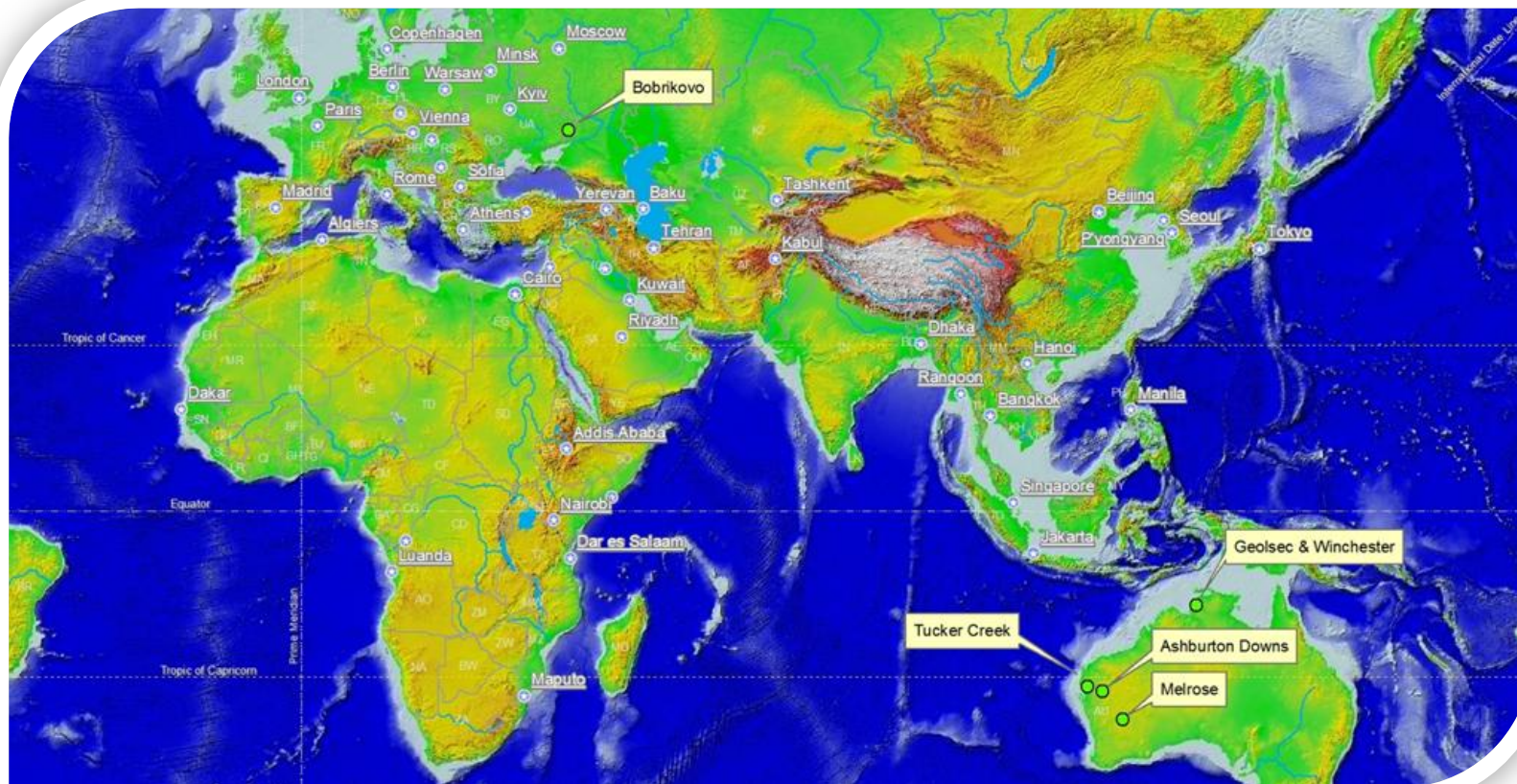
- Background in resources financing, commodities trading and funds management. Network of Australian and international contacts, administrative skills and expertise in financial risk and treasury management, project financing and resources banking.

**John McKenzie**  
*Non Executive Director*

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

**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.



# PROJECT PORTFOLIO

# Current Portfolio



## Lugansk – Gold

- Bobrikovo gold and silver mine and deposit in Ukraine
- JORC compliant resource of 1,012,000 ounces of gold (see Appendix, slide 17)
- Mining and stockpiling of the oxide ore has been in progress since March 2010
- Recently increased project area

## Geolsec – Phosphate

- 70 km from Darwin port
- Granted mining lease, project at development stage
- Phosphate rock deposit starts at the surface
- Further exploration potential within the licence area



# Current Portfolio



## Winchester – Magnesium

- Located 70 km from Darwin port, all infrastructure on site
- Low operating cost potential
- Large JORC compliant resource base sufficient for up to 75 year mine life (at 50,000 tpa Mg metal), dependant on product mix (see slide 10)
- 1st Stage - initial focus on MgO based building products at a rate of 75,000 tpa MgO
- 2nd Stage - potential for future production of magnesium metal at 50,000 tpa

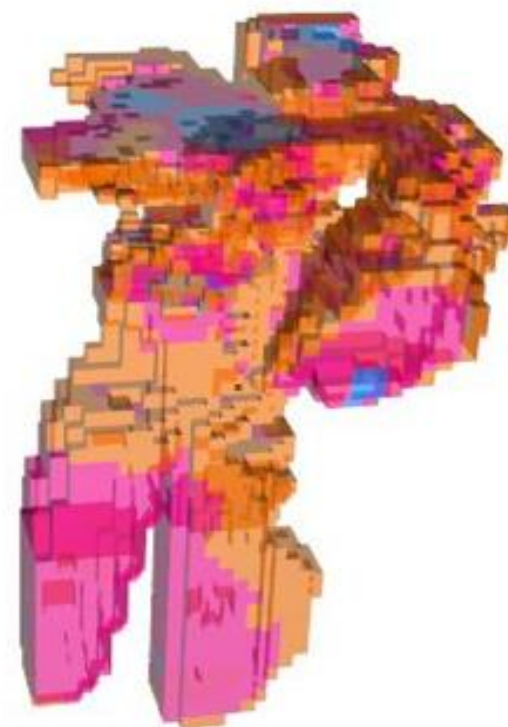
## Melrose – Gold

- Melrose gold project in the eastern Goldfields of Western Australia
- JORC compliant resource of 339,000 ounces (see Appendix, slide 17)
- Gold exploration licences in several locations across Western Australia and the Northern Territory

# Lugansk (gold)

## Bobrikovo project status and characteristics

- Korab has a 68 per cent interest in Lugansk Gold Ltd, which owns the Bobrikovo gold and silver deposit in eastern Ukraine
- Bobrikovo has a JORC compliant resource of 20m tonnes at an average grade of 1.55g/tonne, for 1,012,000 ounces of gold (refer Appendix, slide 17)
- Mining and stockpiling of ore has been in progress since March 2010
- Deposit starts at surface with significant potential at depth and along strike
- Korab will continue with exploration activities to realise the true potential of this asset



Bobrikovo 3-D model at 1 g/t cut-off

# Lugansk (gold)



Open pit operations at Bobrikovo



# Geolsec (phosphate)



## Project status

- The Geolsec phosphate project is located within Korab's Rum Jungle mining leases, 70 kilometres by road from Darwin's port with good access to required infrastructure
- Korab is working on authorisations to conduct quarrying
- The phosphate deposit extends from the surface to 40m-120m depth, and is located on a hill side with good access by an all-weather road
- Korab will be undertaking a drilling program at Geolsec, with the aim of increasing the size of the deposit and to test for phosphate anomalies in close proximity



# Geolsec (phosphate)

## Project development

- Korab is aiming to develop the Geolsec deposit as a simple quarrying operation that utilises modern techniques to reduce environmental impacts
- Korab anticipates capital expenditure and start-up costs will be approximately \$200,000–\$300,000
- Organic phosphate fertilisers are environmentally and nutritionally superior to chemical fertilisers and can be used on a wide variety of crops and pastures
- Korab is in negotiations with interested parties to jointly develop the project via earn-in arrangements whereby the incoming party would fully fund development costs to production



Simple quarrying using Vermeer equipment

# Winchester (magnesium)

## Winchester deposit

- The Winchester magnesium project is located within Korab's Rum Jungle exploration leases
- Large resource base sufficient for up to 75 year mine life:
  - Indicated Resource of 12.2Mt at 43.1% Magnesium Oxide
  - Inferred Resource of 4.4Mt at 43.6% Magnesium Oxide
- Intention is to initially supply magnesium oxide for building products, then subsequently supply magnesium metal to automotive and aerospace industries
- Korab is in negotiations with interested parties to jointly develop the project via earn-in arrangements whereby the incoming party would fully fund development costs to production



Test mining of magnesite

# Winchester (magnesium)

## Project status

- Project has been through feasibility study process, including:
  - Mine planning and design
  - Preparation of environmental impact statement
  - Design of process flow chart and design of the processing and crushing plant
  - Test mining, construction of the pilot processing plant and production of magnesium
- Further opportunities exist, given China (the world's biggest supplier of magnesium) has export restrictions on the magnesia it produces



**Test plant for continuous magnesium process in operation**



# Melrose (gold)



## Project status

- Korab holds a 96 per cent interest in Melrose Gold Mines Ltd
- Melrose controls several gold projects in the eastern Goldfields, Gascoyne and Pilbara region of Western Australia, and within the Pine Creek Orogen in the Northern Territory
- The Melrose gold project in the eastern Goldfields has a JORC compliant inferred, indicated and measured gold resource of 339,000 ounces (see Appendix, slide 17)
- Melrose intends to continue exploration at all its gold projects
- Metallurgical test work of core samples from Melrose's recent diamond drilling program is to be completed
- Test work of the samples will assess the viability of producing gold from one of the deposits using a low-cost heap leaching method



# CORPORATE STRATEGY

# Asset Development Strategy



Corporate strategy to build a resource house that will locate and acquire undervalued commodities projects

- Develop to production or successful value creation for Korab shareholders
- Successful track record of acquisitions including:
  - Winchester magnesium project
  - Melrose gold project
  - Bobrikovo gold and silver project
  - Darlot East gold project
  - Geolsec phosphate project

# Capital Raising



## Korab announced a \$1.78 million placement in March 2012

- Placement of 13.2 million shares at 13.5 cents per share, pursuant to the Company's 15 per cent capacity
- Strong interest from new and existing institutional and sophisticated shareholders
- Funds will be used to advance Korab's asset development strategy:
  - Progress mining and exploration activities at the Bobrikovo gold project in Ukraine
  - Continue exploration and development at the Melrose gold project in the Eastern Goldfields of WA, including metallurgical testing of ore
  - Fund ongoing exploration and development at the Geolsec phosphate project in the Northern Territory
  - Reduce debt and meet ongoing working capital requirements



# Loyalty Option Issue



## Loyalty Option Issue of 1 option for every 3 Korab shares held

- Loyalty Option issue gives shareholders opportunity to participate in future company upside, at minimal entry price
- Platform for future development funding
- Options offered on a 1 for 3 basis, with purchase price of 0.5 cents (half a cent) per option
- Option exercise price of 25 cents, expire two years from date of issue
- ASX quotation will be applied for
- Record date and prospectus date in May 2012, timetable as required by ASX

# Conclusion



## Asset Developer

- Corporate model to locate, acquire, advance and crystallise value from resources projects
- Develop to production or successful value creation for Korab shareholders

## Track Record

- Successful track record of identifying and adding value to resources projects, including; Winchester magnesium project, the Melrose gold project, the Bobrikovo gold and silver project, the Darlot East gold project and the Geolsec phosphate project

## Portfolio

- Strong existing portfolio
- Excellent mix of development pipeline and “ready for sale” projects

# APPENDICES

# JORC Resource Table



## Bobrikovo Project

The Bobrikovo deposit resource estimate is as follows:

Bobrikovo Resource (above 0.5g/t)

Classification	Tonnes	Au g/t	Ounces
Measured	1,660,326	2.05	109,614
Indicated	4,110,366	2.77	365,271
Inferred	14,475,234	1.15	537,337
Total	20,245,926	1.55	1,012,222

## Melrose Project

The Melrose project resource estimate is as follows:

Melrose resource (above 0.5g/t)

Deposit	Classification	Tonnes	Aug/t	Ounces
Boundary	Measured	652,000	1.73	36,000
	Indicated	2,663,000	1.73	148,000
	Inferred	703,000	1.36	31,000
Bungarra	Inferred	2,140,000	1.56	107,000
Stirling	Inferred	400,000	1.31	17,000
	Total	6,558,000	1.61	339,000



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