



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

19 July 2012

LOYALTY OPTION ISSUE PROSPECTUS RELEASED

HIGHLIGHTS

- Prospectus for one option for every three Korab shares held at the record date, at an issue price of 0.1 cents per option (\$0.001) released.
- 25 cent exercise price and expiry two years from date of issue.
- Record date set for 30 July 2012 – opportunity to obtain entitlement to loyalty options via on market purchase prior to ex-date.
- Future exercise of options could raise up to \$8.4 million.

Korab Resources Limited ("Korab" or "the Company") (ASX:KOR) is pleased to announce that the prospectus for a fully underwritten, non-renounceable pro rata entitlements issue to Shareholders of 33,733,334 New Options at an issue price of \$0.001 (0.1 cents) each has been lodged. The entitlements issue is on the basis of 1 New Option for every 3 Existing Shares held on the Record Date, being 30 July 2012.

As previously announced, the loyalty option offer is intended to give existing shareholders an opportunity to participate in future company upside. Other parties interested in this exposure can also purchase shares prior to the ex-date on market to receive the loyalty option entitlement. Advice from a qualified financial advisor, or securities dealer should be sought where appropriate.

The New Options are exercisable at \$0.25 each within 2 years of issue and ASX quotation will be sought for the New Options.

The \$33,733 to be raised from the options issue will be used to cover the costs of the offer and provide working capital, with the options themselves setting the platform for a potentially significant future injection of capital of up to \$8.4 million.

The Company has also taken the opportunity to extend the prospectus to cover compliance for an options issue for an unrelated advisory mandate and potential future issues designed to facilitate delivering 100% ownership of the Lugansk and Melrose subsidiaries to Korab.

Timetable of Important Dates*

Announcement of Issue	19 July 2012
Application to ASX for official quotation of the New Options	19 July 2012
Lodgement of Prospectus with ASIC	19 July 2012
Record Date	30 July 2012
Despatch of Prospectus with Application Form	3 August 2012
Closing Date for acceptances and payment of 0.1 cents per New Option	20 August 2012
Statements for New Options despatched (latest date)	28 August 2012

*The Company reserves the right to vary the above dates.

-ENDS-



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