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MEDIA RELEASE

KORAB GIVES GO-AHEAD FOR MELROSE DEVELOPMENT

Directors of Korab have made a provisional decision to go ahead with development of Melrose project in Western Australia. Melrose project comprises several gold deposits including Bungarra, Stirling and Boundary.

In November 2005, Korab has completed the infill drilling program at Bungarra deposit where the best gold grades included:

- **5m at 43.93 g/t including 1m at 211 g/t**
- **2m at 10.69 g/t,**
- **3m at 4.93 g/t including 1m at 13.3 g/t**
- **2m at 7.63 g/t**
- **13m at 2.17 g/t including 2m at 10.22 g/t and 1m at 2.90 g/t**
- **6m at 2.91 g/t including 1m at 12.2 g/t**

Executive Chairman of Korab, Mr. Andrej K. Karpinski confirmed that following a review of the data produced by the recent drilling program, directors have decided to go ahead with the development of Melrose project. Mr. Karpinski stressed that the decision is provisional and is made subject to completion of the geotechnical studies which will determine the final design of the pit and which will help to decide what proportion of the ore is to be treated at Bronzewing's plant 45 km west of Melrose and what will be leach treated on site.

“Shortly, we will undertake a diamond drilling program to obtain samples for metallurgy and other tests to allow optimisation of the pit and the available processing options” – Mr. Karpinski added. “Depending on the results we will then formalise the decision on how much ore will be trucked to Bronzewing and how much will be heap leached on site”.

Mr. Karpinski confirmed that the board is reviewing the Boundary deposit 3 km to the north of Bungarra as well as the northern extension of the Bungarra called Hurley’s with the view to developing them together with Bungarra.

“Our original development plans for Melrose were based on the gold price remaining in the range between $500-$540. With the current price hovering around $750, what was then marginally profitable now looks like a money maker. We are considering bringing Boundary on line later this year but I have to stress that this is still subject to the completion of the geotechnical tests at Bungarra.”- Mr. Karpinski said.

“We have on hand a completed scoping study for development of Boundary’s 200,000 ounce resource and we are currently in the process of reviewing it and updating it.” – Mr. Karpinski added. “This will take more than a couple of weeks to complete. The process of updating is not as simple as just changing the gold price in the model because the costs have also gone up somewhat since the original scoping study was done. However, on the face of it, it certainly looks like a goer, but we will not be making a formal decision until we have all the data we need.”

It is too early to provide the firm estimates of tonnages and grades to be processed until the tests and the updating of the scoping study are completed. Korab expects this to occur around the end of February or early March.

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