



KORAB RESOURCES LIMITED

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Thursday, 13 January 2011

MELROSE GOLD MINES LTD AND LUGANSK GOLD LTD CLARIFICATION REGARDING IN-SPECIE DISTRIBUTION

- Melrose Gold Mines Ltd (MGH) expects to issue prospectus in January 2011
- In-specie distribution of shares in MGH to Korab Resources Ltd (KOR) shareholders on the basis of 1.26 MGH shares for each KOR share to be completed within 6 months from the commencement of trading of MGH securities on the ASX
- Lugansk Gold Ltd (LUG) expects to issue prospectus in February 2011
- In-specie distribution of shares in LUG to Korab Resources Ltd (KOR) shareholders on the basis of 1.26 LUG shares for each KOR share to be completed within 6 months from the commencement of trading of LUG securities on the ASX

Korab Resources ("Korab" or "Company") has been advised by a shareholder that they have received a notice from their broker advising them that the distribution in-specie of shares in Melrose Gold Mines Ltd has been cancelled.

Korab would like to advise the market that information regarding cancellation of in-specie distribution of Melrose Gold Mines Ltd shares is incorrect.

The IPO's and the in-specie distributions of shares in Lugansk Gold Ltd and Melrose Gold Mines Ltd which have been approved by Korab shareholders at the EGM held in July 2010 will be conducted as previously advised to the market. Korab shareholders will also receive priority ahead of other applicants if they wish to participate in the IPO's .

Korab is currently attempting to ascertain the origin of this false and misleading information.

For more details regarding the IPO's of Melrose Gold Mines Ltd and Lugansk Gold Ltd please refer to the extract from the announcement made to the market on 24 December 2010, which is attached below:

MELROSE GOLD MINES LTD IPO

Korab is pleased to advise that Melrose Gold Mines Ltd expects to issue its IPO prospectus in January 2011. Melrose Gold Mines Ltd has been spun-off from Korab in July 2010. Melrose Gold Mines holds advanced Melrose gold project located near Leinster in the Eastern Goldfields of Western Australia. Melrose deposits contain approximately 340,000 ounces of gold and, according to independent geological consultants, have further ore potential at depth and along strike.

JORC Code compliant resource at Melrose (Above 0.5 g/t cut-off)

Category	Zone	Ore Mass (t)	Grade (g/t)	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

In addition to this project, Melrose Gold Mines also has rights to explore for gold and to develop any eventual gold discoveries within 1,300 km² of mineral properties in Western Australia and Northern Territory. At Wonganoo project (adjoining the Melrose project) a wide zone of soil gold anomalism has been drilled to

ASX
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AU¢ 34

BERLIN
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Last price
€ 0.25

Issued capital
79 million shares

Market capitalisation
AU\$ 27 million
€ 20 million



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assess additional resource potential. This drilling program has discovered additional shallow high grade gold mineralisation extending over 1.5 km strike length with similar tenor to the nearby Bronzewing gold mine. Another gold exploration project is Darlot East project also located near Leinster in the Eastern Goldfields. The project lies just 3 km east of the Darlot and Centenary gold mines. At the Darlot East project independent consultants have identified exploration targets for structurally controlled deposits that formed synchronously with the 3 million ounce Darlot gold deposit. Previous work which included first-pass drilling, rock-chip and soil sampling has confirmed a wide zone of gold anomalism.

Other Melrose Gold Mines exploration projects are located in the Pine Creek orogen in the Northern Territory. The Pine Creek projects include the Sundance gold mine where shallow oxidised ore was removed for toll treatment in a relatively high grade open-cut operation with a mined grade of 10.7 g/t gold. Mineralisation occurs as vertical pipe-like structures that widen close to the surface to produce mushroom-shaped orebodies. Primary ore which was intersected in drilling below the open-cut pit comprises massive auriferous pyrite. Drill samples below the pit include 7.1 meters at 45.2 g/t Au and 11 meters at 12.1 g/t Au. Drill samples from the area to the east of Sundance pit include intercepts of 11 meters at 6.4 g/t Au, 7 meters at 8.53 g/t Au, 12 meters at 2.98 g/t Au and 7 meters at 2.56 g/t Au.

Melrose Gold Mines intends to use the funds to be raised under the prospectus to complete the feasibility study and the permitting process for the development of the Melrose project, to explore for additional mineral resource within its properties and for working capital. Melrose Gold Mines expects that the Melrose feasibility study will be completed by mid 2011.

LUGANSK GOLD LTD IPO

Korab is pleased to advise that Lugansk Gold Ltd expects to issue its IPO prospectus in February 2011. Lugansk owns and operates the 1 million ounce gold and silver Bobrikovo mine through its 100% owned subsidiary LLC "Donetsky Kryazh". Korab holds approximately 68% of the issued capital in Lugansk Gold Ltd.

Oxide and Fresh Ore Resources of the Mining Area at Bobrikovo (by Type of Ore)

(Above 0.5 g/t cut-off)

Zone	Category	Ore Mass (t)	Grade (g/t)	Ounces
Oxide	Measured	1,660,326	2.05	109,614
	Indicated	182,641	3.13	18,353
	Inferred	217,322	0.70	4,883
	Oxide Subtotal	2,060,289	2.01	132,850
Fresh	Measured	-	-	-
	Indicated	3,927,725	2.75	346,918
	Inferred	14,257,912	1.16	532,454
	Fresh Subtotal	18,185,637	1.50	879,372
Grand Total		20,245,926	1.55	1,012,222

Bobrikovo mine has been in operation since March 2010 mining and stockpiling the oxide ore pending the construction and commissioning of the processing plant. Lugansk Gold intends to use the funds to be raised under the prospectus to fund exploration for additional resource, to complete the feasibility study on the development of the fresh-rock section of the deposit and for working capital. Construction of the processing plant is expected to be financed out of the portion of the funds to be provided by strategic investor recently announced to the market. Lugansk Gold expects that the construction and commissioning of the processing plant will be completed by the end of 2011.

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 and magnesium. The company also manages exploration projects in Western Australia and the Northern Territory. More information about Korab's projects can be sourced from our website at www.korabresources.com.au Korab's shares are

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listed on Australian Securities Exchange (ASX) and trade on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

CONTACT

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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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