



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Monday, 19 March 2012

KORAB REFOCUSES ON ASSET DEVELOPMENT STRATEGY

HIGHLIGHTS

- Boards of both Melrose Gold Mines and Lugansk Gold have resolved not to seek admission to ASX in light of challenging ongoing IPO market conditions
- Korab to refocus on its original corporate model – to locate, acquire, advance and crystallise value from resources projects
- Melrose and Lugansk will continue exploration and development of their mineral assets as an integral part of Korab group, incorporating this process into the group's overall asset development strategy
- Development of phosphate and magnesium projects continues

UPDATE RELATING TO COMPANY'S ASSETS

Korab Resources Limited (ASX:KOR) ("**Korab**" or "**the Company**") has been separately advised by both Melrose Gold Mines Ltd ("Melrose") and Lugansk Gold Ltd ("Lugansk") that they will no longer seek admission to the ASX given the challenging ongoing state of the IPO market, which has impeded their ability to successfully list on the ASX.

The previously announced in-specie distribution of Lugansk and Melrose shares held by Korab was contingent upon each company obtaining admission to the ASX. As a consequence of Melrose and Lugansk resolving not to seek such admission, the distribution of shares will no longer proceed.

Korab intends to work with minority investors in Melrose and Lugansk to determine the optimal outcome for all stakeholders.

RETURN TO ORIGINAL CORPORATE MODEL

As a consequence of the above events and following a comprehensive review of the outcomes of the past 36 months of operations, Korab has elected to refocus on its original corporate strategy – to build a resource house that will locate and acquire undervalued commodities projects and develop these to production, or other successful value crystallisation for Korab shareholders.

In coming to this decision, the board of Korab have carefully considered Company's core strengths and have concluded that pursuing this strategy will better utilise the strengths of the management team, which has a strong track record of identifying and acquiring undervalued resources assets to which the Company is able to add significant value for the benefit of Korab shareholders.

Previous such acquisitions include the Winchester magnesium project, the Melrose gold project, the Bobrikovo gold and silver project, the Darlot East gold project and the Geolsec phosphate project.

LUGANSK AND MELROSE IPO's

In 2008, Korab's subsidiary Lugansk Gold Ltd acquired overseas gold assets located in Ukraine. Following the acquisition, Lugansk commenced exploration and development of the assets. In June



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2010 Korab transferred its Australian gold assets to Melrose Gold Mines Limited. Subsequent to this event, the boards of Melrose and Lugansk commenced the IPO process. Due to volatile domestic and global market conditions which have prevailed since that time, the boards of both Melrose and Lugansk have independently determined that they will not be able to obtain admission to the ASX. In 2011, IPO activity was at its lowest level since 2001, and there have been no signs of improvement to date in 2012.

Over the past 20 months both companies have continued to make progress exploring and developing their respective projects.

Lugansk Gold Ltd (Korab: 68%)

Lugansk holds 100% of the Bobrikovo gold and silver deposit in the Donbas region of eastern Ukraine. Bobrikovo has a JORC compliant resource of 20mt at an average grade 1.55g/t for 1,012,000 ounces of gold (see Appendix A). Mining and stockpiling of the oxide ore has been in progress since March 2010. In addition to progressing development of the Bobrikovo deposit, Lugansk will continue exploration activities in order to unlock the true potential of this project.

Melrose Gold Mines Ltd (Korab: 96%)

Melrose controls several gold projects in the eastern Goldfields, Gascoyne and Pilbara regions of Western Australia and in Pine Creek orogen of the Northern Territory. One of these projects, which is located near several operating gold mines, has a JORC compliant gold resource of 339,000 ounces (see Appendix A).

Melrose intends to continue exploration at its various gold projects. Melrose will also complete metallurgical testwork of the core samples from its recent diamond drilling program to assess the viability of producing gold from one of the deposits using a low-cost heap leaching method.

EXISTING PROJECTS

The decision to revitalise Korab's strategy will not affect the Company's ability to continue progressing towards development of its existing projects – the Geolsec phosphate project and Winchester magnesium project, both in the Northern Territory.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

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APPENDIX A

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	Au g/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

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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