



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Wednesday, 28 March 2012

CLARIFICATION OF PRIOR STATEMENT

It has come to the Company's attention that announcements by the Company on 24 and 25 June 2010 incorrectly stated that: *"The distribution in-specie of the Lugansk and Melrose shares to Korab shareholders is conditional only on the approval of Korab shareholders at the upcoming General Meeting and nothing else. The distribution is not conditional on either of the two companies being admitted to ASX."*

The position should have been expressed in a different way. In fact, the position is that in specie distribution of Melrose shares would take place within 6 months of its admission to ASX and that in specie distribution of Lugansk shares would take place within 6 months of its admission to ASX in accordance with the terms on which the Company's shareholders approved the capital reduction resolutions.

The entitlement to participate in the proposed distributions in specie of both Melrose and Lugansk shares was a contingent right dependent on Melrose and Lugansk successfully achieving ASX listings, in accordance with the terms on which the Company's shareholders approved the capital reduction resolutions on 2 July 2010. Legal advice that Korab has received on this fact is clear.

The Company is not able to implement the respective capital reductions which were approved by Korab shareholders on 2 July 2010 unless Melrose and Lugansk respectively achieve successful ASX listings. Without each of Melrose and Lugansk listing on ASX, the two capital reductions being conducted by Korab by way of a distribution in specie of Melrose and Lugansk shares respectively would be contrary to the terms on which the Korab shareholders approved the capital reductions.

The Company regrets this inadvertent error and any confusion that this may have caused.

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