



Perth, 23 July 2012

<address>
<address 2>
<address 3>
<address 4>

Dear Shareholder,

I am pleased to advise that Korab Resources Limited ("the Company" or "Korab") has lodged a prospectus for a non-renounceable offer of Loyalty Options. The offer is for 33,733,334 options with an exercise price of 25 cents (\$0.25) and an expiry date of 28 August 2014 ("Offer"). The option issue price has been set at 0.1 cent (\$0.001).

Options will be offered at a ratio of 1 option for each 3 Korab shares held on the record date. Fractions will be rounded-up.

Following the successful completion of the offer (which is fully underwritten), Korab will have 101,200,000 ordinary shares and 33,733,334 options on issue.

Please see below the timetable of key dates:

Securities are quoted on an "ex" basis – the Ex date	24 July 2012
Record Date	30 July 2012
Offer Opening Date	3 August 2012
Offer closes	20 August 2012
Securities quoted on a deferred settlement basis	21 August 2012
Allotment date for all options, securities to be entered into holders' security holdings, and despatch of holding statements. Deferred settlement trading ends.	28 August 2012

On 3 August 2012, Korab will mail out to all Shareholders a copy of the prospectus and pre-printed entitlement and acceptance forms. If you wish to participate in the Offer, your entitlement and acceptance form together with full payment (by EFT or cheque) has to be received by Korab no later than 20 August 2012.

Sincerely yours

Andrej K Karpinski, FAICD, FFin
KORAB RESOURCES LIMITED
EXECUTIVE CHAIRMAN