



# KORAB RESOURCES LIMITED

KORAB HOUSE

[www.korab.com.au](http://www.korab.com.au)

5 September 2012

## ATTRIBUTABLE GOLD INVENTORY\* INCREASES TO 1.2 MILLION OZ

Korab Resources (ASX: KOR; "Korab" or "the Company") is pleased to advise, as foreshadowed in its options prospectus dated 19 July 2012, that it has reached agreement to buy out most of the minority holders' shares in Korab's subsidiary Lugansk Gold Ltd ("Lugansk"), and all of the minority holders' shares in Melrose Gold Mines Ltd ("Melrose") delivering to Korab an increased indirect ownership share of Lugansk's and Melrose's mineral resources of 1,012,222 and 339,975 ounces of gold respectively.

### Acquisition of shares in Lugansk Gold Ltd

The Company has agreed to acquire 43,545,730 shares in Lugansk, from unrelated parties, in two tranches, representing 29.3% of Lugansk. In the first tranche of the transaction, Korab issued 8,309,296 fully paid Korab shares and 3,036,395 Korab options with an exercise price of 25 cent and expiring on 28 August 2014 as the consideration for 25,320,730 Lugansk shares. The issue was completed under the 15% placement authority pursuant to listing rule 7.1 and did not require shareholder approval. No money was received. Korab now owns 84.3% of Lugansk and has increased its indirect interest in Lugansk's mineral resource to 853,303 ounces of gold

The Company will convene a general meeting as soon as practicable to refresh the 15% placement capacity to enable the second tranche of the transaction to proceed. For settlement of 18,225,000 Lugansk shares in the second tranche Korab has agreed to issue 5,000,000 fully paid Korab shares and 1,666,667 Korab options with an exercise price of 25 cent and expiring on 28 August 2014 subject to having the capacity to do so under listing rule 7.1. If the 15% placement capacity pursuant to listing rule 7.1 is refreshed and the second tranche of the transaction completes, Korab will own 96.6% of Lugansk and will increase its indirect interest in Lugansk's mineral resource to 977,806 ounces of gold.

Of the 8,309,296 fully paid Korab shares and 3,036,395 Korab options that were issued in the first tranche, 5,000,000 shares and 1,666,667 options have been voluntarily escrowed for a period of 12 months from the date of issue. The remaining 5,000,000 Korab shares and 1,666,667 Korab options which will be issued when the second tranche completes will also be voluntarily escrowed for a period of 12 months from the date of issue.

### About Lugansk Gold Ltd

Lugansk owns and operates the Bobrikovo gold and silver project located in the Lugansk oblast (province) in eastern Ukraine. Bobrikovo has been mining and stockpiling oxide ore and has commenced the development of the processing plant and other mine infrastructure. It is planned to develop the project as a simple open cut mine processing ore into concentrate using low-cost gravity-based plant. The concentrate is most likely to be smelted on site to produce doré bars. Lugansk is currently in the process of updating mineral resource statement for Bobrikovo project.

### Acquisition of shares in Melrose Gold Mines Ltd

The Company has bought out all minority holders in Korab's subsidiary Melrose, giving it 100% ownership of Melrose and increasing Korab's indirect interest in Melrose's mineral resource to 339,975 ounces of gold.

\* see Appendix A for detailed mineral resource statement



LEVEL 1, SUITE 6, 100 MILL POINT ROAD, SOUTH PERTH, WA, 6151 AUSTRALIA  
PO BOX 195, SOUTH PERTH, WA, 6951 AUSTRALIA  
TEL (08) 9474 6166 FAX (08) 9474 6266  
ACN 082 140 252



# KORAB RESOURCES LIMITED

KORAB HOUSE

[www.korab.com.au](http://www.korab.com.au)

The Company issued 973,987 fully paid Korab shares and 58,247 Korab options with an exercise price of 25 cent and expiring on 28 August 2014 to unrelated parties as consideration to acquire the 4,590,190 fully paid ordinary shares in Melrose, representing 4.39% of Melrose.. Following the transaction, Melrose Gold became a 100% owned subsidiary of Korab. No money was received.. Following the transaction, Melrose became Korab's 100% owned subsidiary. The issue was completed under the 15% placement authority pursuant to listing rule 7.1 and did not require shareholder approval.

## About Melrose Gold Mines Ltd

Melrose owns and operates an advanced gold project in the Eastern Goldfields of Western Australia. The project is located 70km north east of Leinster and 45km east of the Bronzewing mine and associated processing infrastructure. The project hosts a mineral resource containing 339,975 ounces of gold in three deposits (Bungarra, Boundary and Stirling) located in close proximity.

Korab has been undertaking significant metallurgical test work of core samples from diamond holes drilled in late 2011. The test work program has been designed to assess potential for a simple open cut bulk mining and heap leaching operation at the Bungarra and Boundary gold deposits.

As announced to ASX, results to date show gold recoveries above 87% at a crush size of 8 mm (after 120 hours) at the Bungarra and Boundary deposits. Importantly, the testwork at both deposits has shown a low consumption of lime and cyanide, indicating that the project may be amenable to heap leach processing. Potential also exists for conventional carbon in leach plant processing with gold recoveries exceeding 99% after 24 hours using cyanide leach at 106 micron grind size.

Should this deposit be developed, Korab may use any profits generated to pay dividends to Korab shareholders and to explore and develop Korab's other assets. Another option is the disposal of this asset to generate funds for development of other Korab's assets.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

Andrej Karpinski  
Executive Chairman  
(08) 9474 6166

## APPENDIX A

### MINERAL RESOURCE AT BOBRIKOVO PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

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



LEVEL 1, SUITE 6, 100 MILL POINT ROAD, SOUTH PERTH, WA, 6151 AUSTRALIA  
PO BOX 195, SOUTH PERTH, WA, 6951 AUSTRALIA  
TEL (08) 9474 6166 FAX (08) 9474 6266  
ACN 082 140 252



# KORAB RESOURCES LIMITED

KORAB HOUSE

[www.korab.com.au](http://www.korab.com.au)

## MINERAL RESOURCE AT MELROSE PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

Category	Tonnes	Grade g/t Au	Gold Ounces
<b>Measured</b>			
Boundary	652,154	1.73	36,262
<b>Indicated</b>			
Boundary	2,662,763	1.73	148,506
<b>Inferred</b>			
Boundary	703,209	1.36	30,822
Bungarra	2,144,332	1.56	107,385
Stirling	404,000	1.31	17,000
<b>Total Resource</b>	<b>6,566,458</b>	<b>1.61</b>	<b>339,975</b>

## PROJECT'S LOCATIONS



**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.



LEVEL 1, SUITE 6, 100 MILL POINT ROAD, SOUTH PERTH, WA, 6151 AUSTRALIA  
 PO BOX 195, SOUTH PERTH, WA, 6951 AUSTRALIA  
 TEL (08) 9474 6166 FAX (08) 9474 6266  
 ACN 082 140 252