



KORAB RESOURCES LIMITED

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Wednesday, 26 August 2009

BOBRIKOVO GOLD PROJECT

TECHNICAL DATA, ECONOMIC ASSUMPTIONS, ADDITIONAL INFORMATION

HIGHLIGHTS

2011-2012 pre-tax profit target of US\$3.36 million (Korab's share)

2011-2012 production target of 15,300 ounces of gold in concentrate

Operating cost estimated at US\$280 per ounce

Gold mining expected to re-commence in 2009

Ore processing and concentrate sales expected to commence in late 2010 or early 2011

Stage 1 Capital expenditure budgeted at under US\$2.8 million

BOBRIKOVO GOLD PROJECT IN UKRAINE – ADDITIONAL INFORMATION

Korab's subsidiary, Lugansk Gold Ltd is pleased to provide the following update regarding the Bobrikovo gold project in Ukraine and the revisions to the definitive feasibility study for the production of gold from the oxide ores from surface to 35m depth.

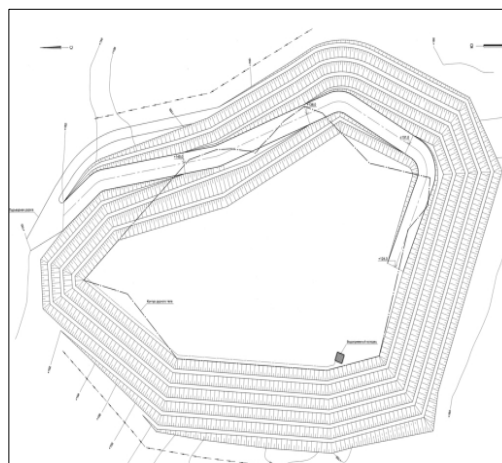


Figure 1 Open pit design
Enlarged diagram in Appendix 2 (page 8)

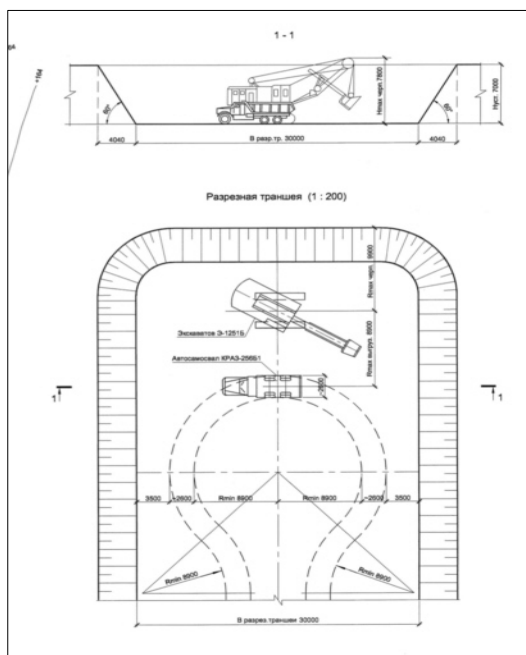


Figure 2 Open cut mining method
Enlarged diagram in Appendix 2 (page 7)

As announced to the market on 19 August 2009, the results of the revised study indicate a very profitable, robust project with low start-up and operating costs and high profit margin. Economic assumptions of the feasibility study are shown in Appendix 3 (page 10). The base case assumes gold spot price at US\$900/oz, head grade of 4.18 g/t Au, recovery rate to concentrate of 70%, gold concentrate selling

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68 million shares

Market capitalisation
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€6.8 million



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price equal to the 65% of the value of gold contained in the concentrate at spot price and the exchange rate of 7.70 Ukrainian Hryvnia (UAH) to 1 US\$. The mining cost of rock (includes high grade, low grade and waste) is assumed to be UAH29/t, the mining cost of processed ore with head grade of 4.18g/t Au (a blend of high grade and low grade ores) is assumed to be UAH129/t, the processing cost is assumed to be UAH39/t of processed ore, overheads are assumed to be UAH13/t of processed ore.

The mining costs of both high grade and low grade ores are going to be absorbed by the project while it is processing only high grade blended ore grading 4.18g/t Au. The remaining low grade ore will be stockpiled for later processing. It is planned that the stockpiled low grade ore with an average grade of around 1 g/t Au will be bended with the waste from Stage 1 processing grading 1.25g/t Au and will be processed in Stage 2 circuit .

The base case is targeting 15,300 ounces for a pre-tax profit of US\$4.7 million for 2011-2012. The estimated operating costs including mining, processing and overheads are US\$280/oz. Korab's share of this targeted profit will be US\$3.36 million. Assuming an exchange rate of US\$/AU\$ 0.83, this equates to a pre-tax profit of AU\$4 million attributable to Korab.

Outcomes of other scenarios using various recovery rates, head grades and spot gold prices are shown in Appendix 1 (page 5).

The ore storage pad and the site for the processing plant has been sited just few hundred meters from the pit to minimise the haulage costs. It is planned that mining operations will utilise scrapers for low grade ores and truck and shovel for high grade ores to achieve high efficiency and low operating costs. The optimum head grade of 4.18 g/t Au will be achieved by blending the high grade ore grading 7.2 g/t Au with a low grade ore grading 0.87 g/t Au. Initially, this blend grading 4.18 g/t will be stockpiled until the Stage 1 gravity processing circuit has been built and commissioned. The remaining ore and the waste from the Stage 1 gravity circuit will be stockpiled for later processing.

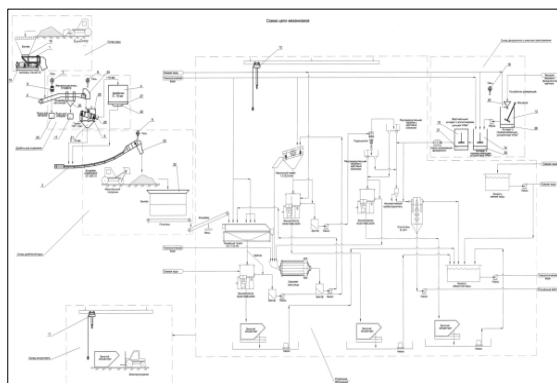


Figure 4 Stage 2 process flowchart
Enlarged diagram in Appendix 2 (page 9)

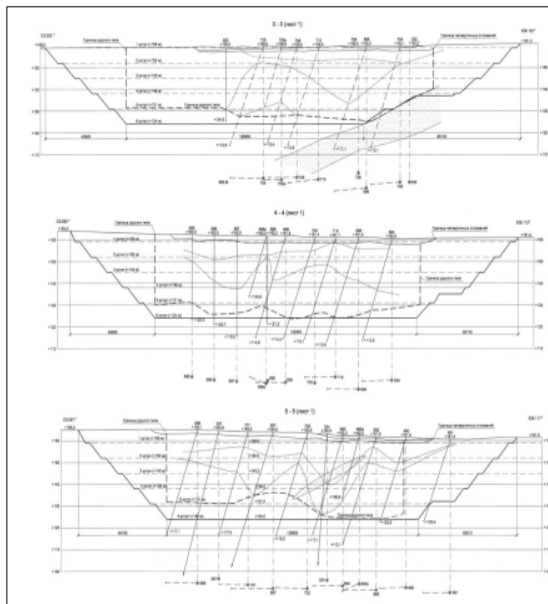


Figure 3 Open pit sections
Enlarged diagram in Appendix 2 (page 6)

low grade ores and truck and shovel for high grade ores to achieve high efficiency and low operating costs. The optimum head grade of 4.18 g/t Au will be achieved by blending the high grade ore grading 7.2 g/t Au with a low grade ore grading 0.87 g/t Au. Initially, this blend grading 4.18 g/t will be stockpiled until the Stage 1 gravity processing circuit has been built and commissioned. The remaining ore and the waste from the Stage 1 gravity circuit will be stockpiled for later processing.

The Stage 1 processing circuit will use simple method of gold extraction relying on gravity tables. This method has shown recovery rate of 63% - 76% of contained

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gold to concentrate in bulk tests completed on high grade ores. Stage 2 circuit has shown recovery rates around 90%.

Korab plans to re-commence mining of ores in 2009 at a rate of 100,000 per month, while processing of gold to concentrate is scheduled to commence in late 2010 or early 2011¹. The Stage 1 processing plant will have the capacity to process 120,000 tones per annum and will initially process blended ore with an average grade of 4.18 g/t from the oxide zone (surface to 35m). Gold production in 2011-2012 is budgeted at 15,300 ounces of gold in concentrate. It is planned that the revenue from this initial phase of project operation will be used to either upgrade Stage 1 circuit from 120K tpa to 300K tpa, or to build a Stage 2 processing circuit which would have the processing capacity of up to 600K tpa and recovery rates around 90%-95%.

The oxidised zone of the Bobrikovo deposit begins at the surface and extends down to 35m. Sulphide gold mineralisation starts at 35 m depth and continues to a depth of 3,200m. Veins are easily recognizable and suitable for selective extraction.

PROJECT FUNDING

The anticipated capital costs of the project are in the range from US\$2.2 million to US\$2.8 million. Korab's equity in the Bobrikovo project is being held through Korab's subsidiary, Lugansk Gold Ltd which is an Australian public company. Korab is currently reviewing various financing options to cover the capital costs and the working capital requirements of Lugansk Gold Ltd.

Among the funding options that are being evaluated the main two are the project debt financing and spinning-off of Lugansk Gold Ltd. Lugansk would then undertake an IPO to raise the necessary funding and would seek a dual listing on ASX in Australia and on AIM in London. In the event that Korab were to proceed with the spin-off option, Korab shareholders would receive free shares in Lugansk Gold Ltd by way of an *in specie* distribution². Korab holds 100 million shares in Lugansk Gold Ltd.

METALLURGY TEST RESULTS

Independent test work by accredited laboratories has shown good recovery of gold from both primary and oxide ores using variety of methods including gravity, cyanidation and heap leach. This will allow Korab to consider a number of processing options which in the future can be combined or modified to improve the recovery depending on the available funding.

RESULTS OF PROCESS TESTS

1. Hydrocyclone extraction; yield 72-79%
2. Gravitational extraction; yield 62%, hydrometallurgy with autoclave leaching; yield 97-98%
3. Gravitational concentrate; yield 46-81% (average 60%) tail cyanidation; yield 90%. Total extraction after gravitation and cyanidation; yield 94-98%
4. Cyanide leaching of test sample of 10 tons of ore. 40kg of Au was extracted. Extraction yield: 92%
5. Heap leaching; yield 92%
6. Concentrate obtained by KNELSON thickener; mixed ores yield 77%, Au content 473g/t
7. Gravity table; yield 63-76%
8. Concentrate obtained by KNELSON thickener; yield: low grade ores 40-50%, high grade ores 90%. Combined gravitational-cyanidation; yield 90-95%

¹ Subject to funding

² Subject to regulatory, ASX and shareholder approvals

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BACKGROUND OF THE BOBRIKOVO GOLD PROJECT

Korab commenced development of the Bobrikovo gold mine in June 2008 through Korab's 74% owned subsidiary Donetsk Kryazh Ltd (DKL) which is controlled by Korab's Australian subsidiary Lugansk Gold Ltd. The remaining 26% interest in DKL, is held by Ukrainian investors. DKL is registered under Ukrainian laws and is subject to local corporate tax at a rate of 25%. All funding requirements for DKL's Bobrikovo gold mine are provided by Korab through Lugansk Gold Ltd. Loans provided by Korab will be repaid from project's pre-tax cash flows. Ukraine has no restrictions on repatriation of capital or profits and is a major investment destination for European Union's institutional investors.

Bobrikovo mine is located in Eastern Ukraine in the Lugansk Region within Nagolny Ridge. Nagolny Ridge is part of a large intra-continental Phanerozoic structure that extends from southern Europe extending east to Central Asia which hosts several world-class gold mining operations including Muruntau, Vysokovoltnoe, and Bakirchic. The tenor and style of mineralisation at Bobrikovo is similar to 170 million ounce gold deposit at Muruntau in Uzbekistan and to 57 million ounce Sukhoi Log deposit in Russia. Other deposit analogues to Bobrikovo are gold deposits in Nova Scotia, Canada.

GOLD MINERALISATION AND GEOLOGY AT BOBRIKOVO

Bobrikovo structure strikes 11km by 2.5 km. The deposit occurs on the intersection of deep fault zones. Mineralisation is controlled by NW-NNW trending anticline hinge, and occurs as concordant quartz-carbonate tension veins and stockworks. Host rocks of the Nagolny Kryazh comprise two structural stages: the lower, Precambrian, and the upper, Phanerozoic.

The lower structure comprises deformed sequence of gneisses and crystalline schists. Precambrian basement is overlapped by 3km- thick sedimentary rock sequence.

Ore zone is 2.5-3 km long and 0.9 – 1km wide. Sulphide ores occur from the depth of 35m down to at least 3200m.

Crustal environment: Nagolny Kryazh - centre of the Donetsk Fold Zone, on the E margin of the Ukrainian Shield.

Structural regime: Intersection of the Osyovy & Elanchik-Rovenkov deep-seated fault zones, where the Osyovy Fault splays S and N. 7-25 m wide quartz-ankerite veins and stockworks sit at crest of NW-trending anticline (280-290°, 11 km long, 2.5 km wide).

Host rocks: C2-P3 metamorphosed flysch greywacke-shale sedimentary rocks.

Ores: Carbonate-quartz veins and altered rocks with sulphide-gold mineralisation; fault controlled

Regional metallogeny: mercury, gold, base metals, silver, coal, sandstone-hosted uranium mineralisation

Age of host rocks: Early-Carboniferous; Age of mineralisation: 270 Ma

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APPENDIX 1

STAGE 1 KORAB'S TARGETED PRE-TAX PROFIT KORAB'S SHARE OF TARGETED 2011-2012 PRE-TAX PROFIT (US\$ '000) VARIOUS HEAD GRADES, RECOVERY RATES AND SPOT GOLD PRICES

BASE CASE: spot gold at US\$900, gold recovery rate to concentrate 70%, ore grade 4.18 g/t, concentrate sales at 65% of spot FX rate: UAH/US\$ 7.70

\$900/oz	Recovery Rate %					
Grade g/t	50	55	60	65	70	75
3.8	1,161	1,529	1,988	2,369	2,825	3,234
4	1,343	1,754	2,214	2,632	3,085	3,523
4.2	1,536	1,991	2,452	2,907	3,355	3,824
4.4	1,776	2,231	2,737	3,199	3,697	4,177
4.6	2,032	2,485	3,037	3,504	4,055	4,545

Spot gold at US\$950, concentrate sales at 65% of spot, FX rate: UAH/US\$ 7.7

\$950/oz	Recovery Rate %					
Grade g/t	50	55	60	65	70	75
3.8	1,393	1,784	2,266	2,670	3,150	3,581
4	1,586	2,020	2,505	2,946	3,424	3,887
4.2	1,789	2,270	2,756	3,237	3,709	4,205
4.4	2,043	2,524	3,056	3,545	4,070	4,577
4.6	2,312	2,793	3,372	3,868	4,448	4,965

Spot gold at US\$850, concentrate sales at 65% of spot, FX rate: UAH/US\$ 7.7

\$850/oz	Recovery Rate %					
Grade g/t	50	55	60	65	70	75
3.8	929	1,274	1,711	2,069	2,501	2,888
4	1,100	1,487	1,923	2,317	2,745	3,160
4.2	1,283	1,713	2,148	2,578	3,001	3,444
4.4	1,510	1,938	2,417	2,852	3,324	3,777
4.6	1,752	2,177	2,701	3,141	3,663	4,126

Spot gold at US\$800, concentrate sales at 65% of spot, FX rate: UAH/US\$ 7.7

\$800/oz	Recovery Rate %					
Grade g/t	50	55	60	65	70	75
3.8	696	1,019	1,433	1,768	2,177	2,541
4	858	1,220	1,633	2,002	2,406	2,796
4.2	1,030	1,435	1,844	2,248	2,647	3,063
4.4	1,244	1,645	2,097	2,506	2,951	3,377
4.6	1,473	1,869	2,366	2,777	3,270	3,707

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APPENDIX 2

DIAGRAMS

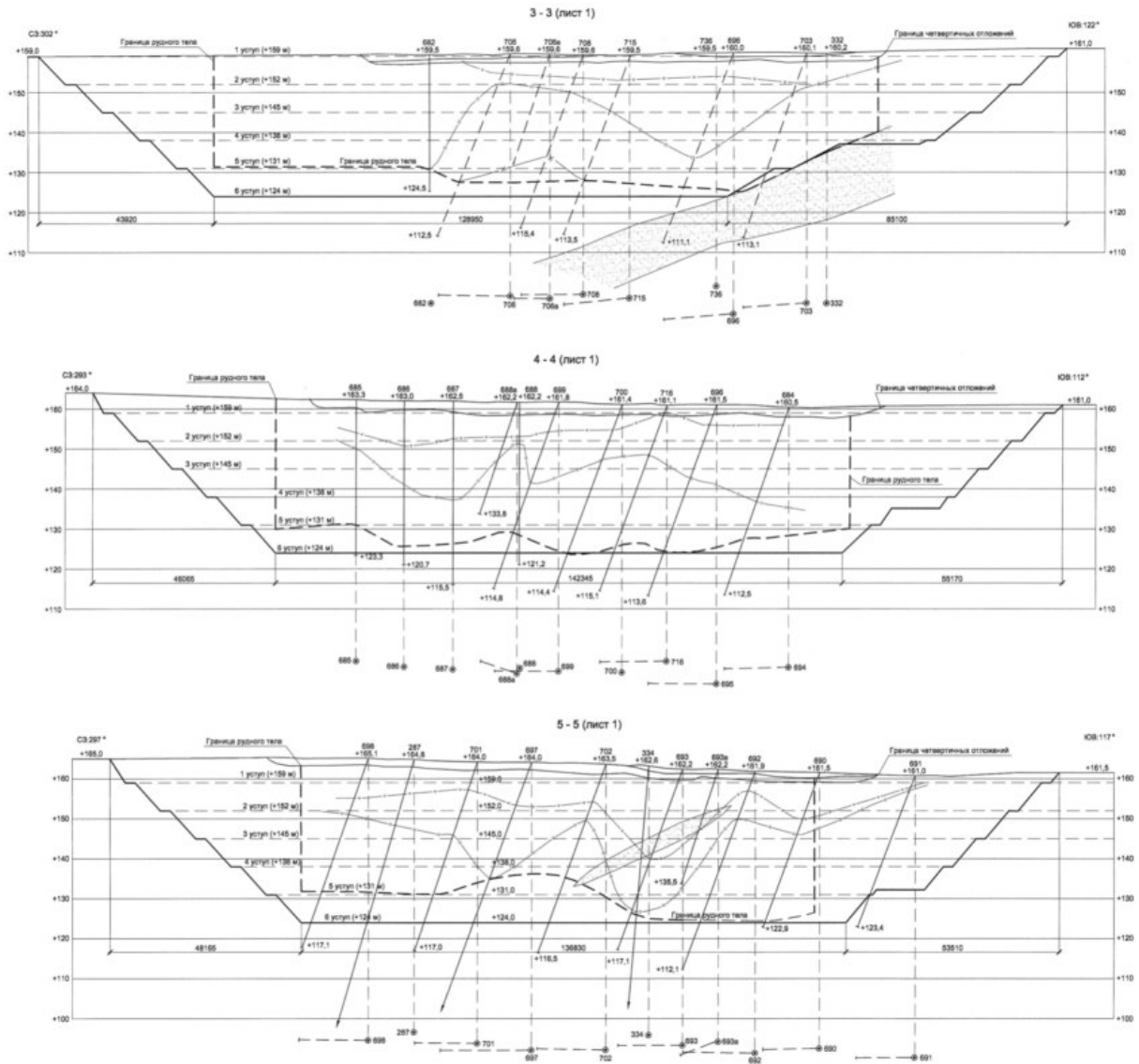


Figure 1 Pit design – oxide zone

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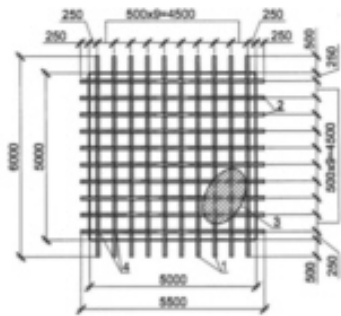




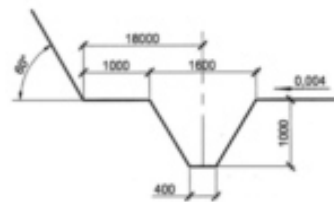
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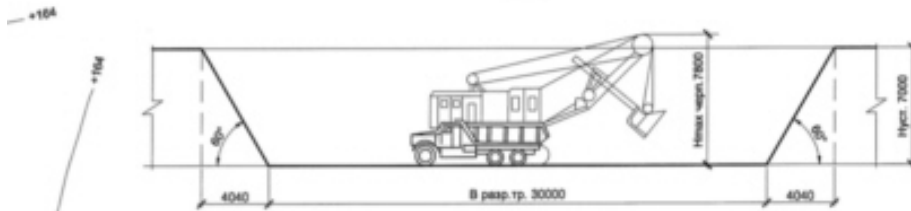
Перекрытие водоприемного колодца (1:100)



Водоотводная канава (1:50)



1-1



Разрезная траншея (1:200)

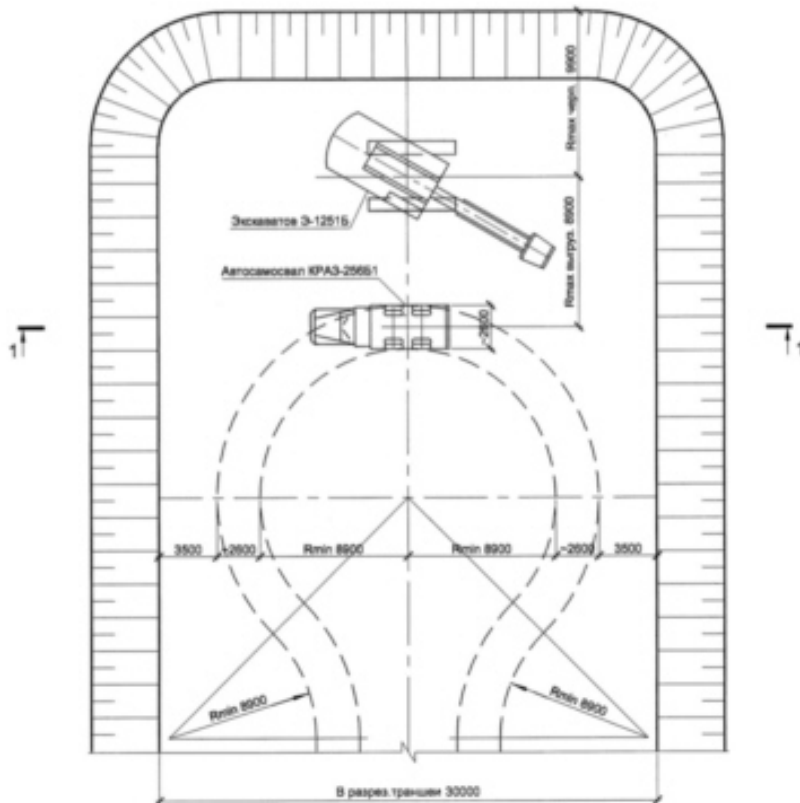


Figure 2 Mining method - oxide zone, high grade ore

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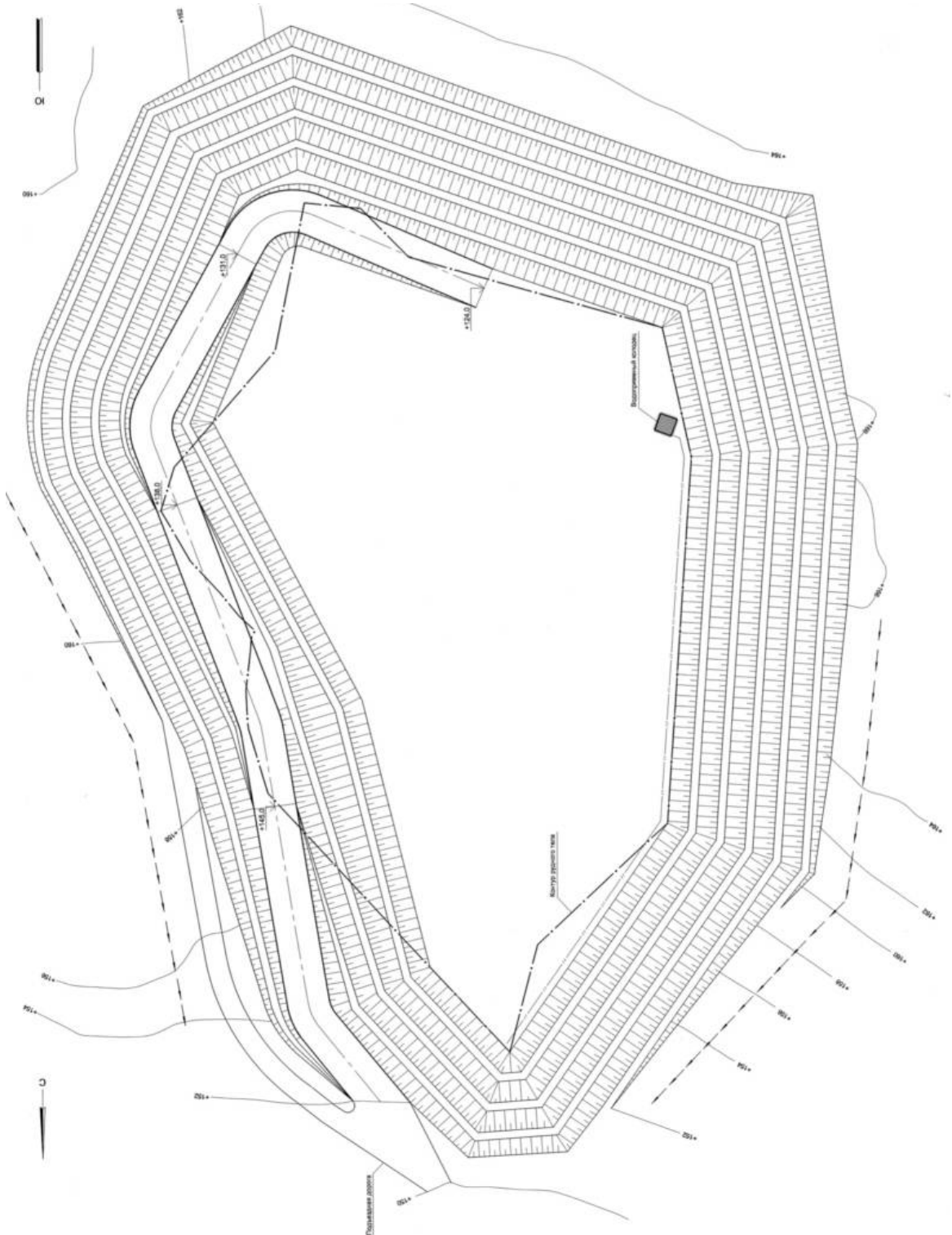


Figure 3 Pit design – oxide zone

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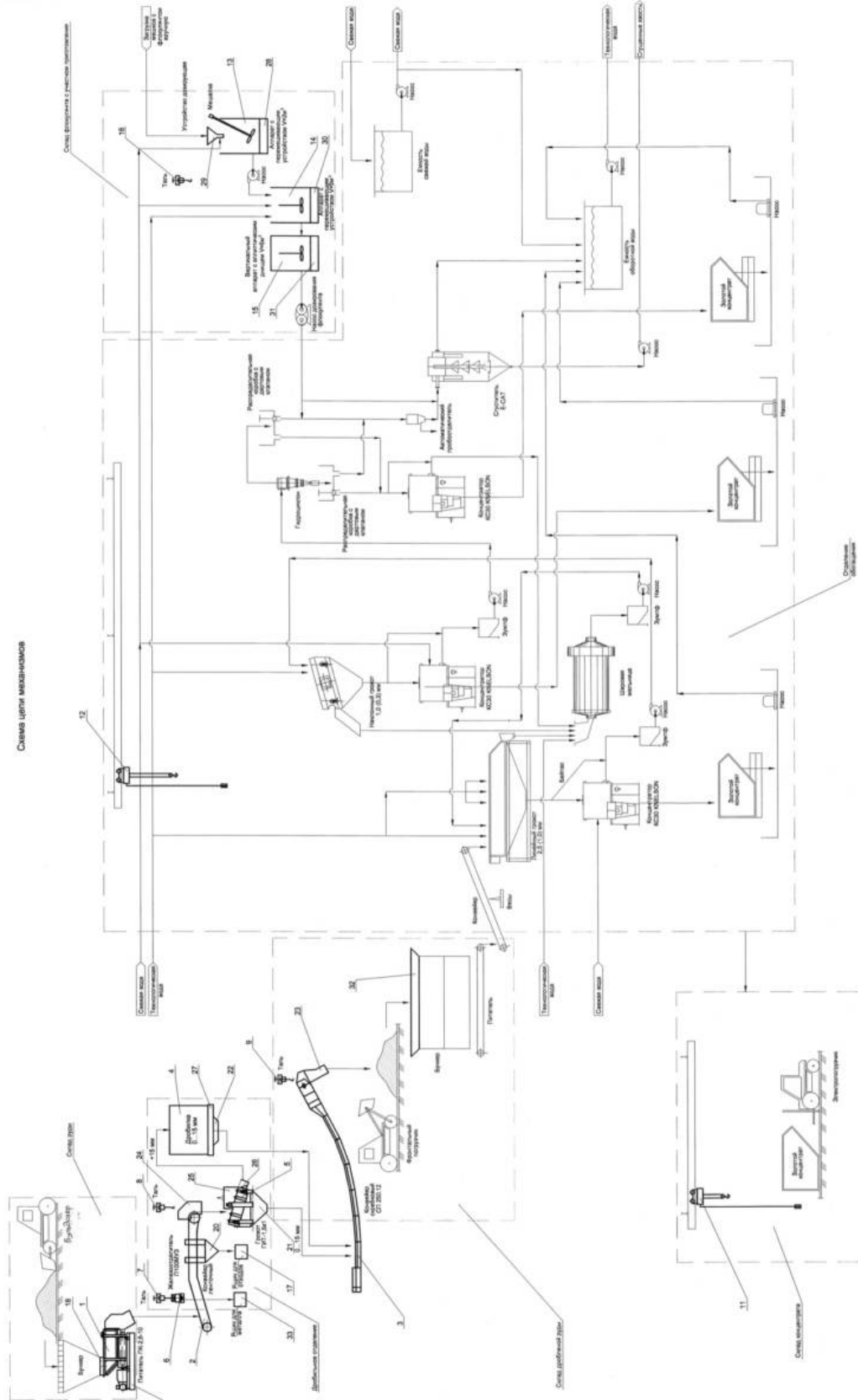


Figure 4 Stage 2 gravity circuit processing plant

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APPENDIX 3

FEASIBILITY STUDY ECONOMIC ASSUMPTIONS IN US\$ AND LOCAL CURRENCY

Economic assumptions for feasibility study in US\$ terms	
Spot gold price US\$/oz	900
UAH/US\$ FX rate	7.70
Processed ore head grade (g/t)	4.18
Recovery rate to concentrate (%)	70%
Sale price of concentrate as % of spot	65%
Mining cost per tone of rock - includes high grade, low grade and waste (US\$)	4
Mining cost per tone of processed ore - blend of high and low grade (US\$)	17
Processing cost per tone of processed ore (US\$)	5
Overhead cost per tone of processed ore (US\$)	2
Total operating cost per tone of processed ore (US\$)	24
Amortisation per tone of processed ore (US\$)	4
Economic assumptions for feasibility study in local currency terms	
Spot gold price US\$/oz	900
UAH/US\$ FX rate	7.70
Processed ore head grade (g/t)	4.18
Recovery rate to concentrate (%)	70%
Sale price of concentrate as % of spot	65%
Mining cost per tone of rock - includes high grade, low grade and waste (UAH)	29
Mining cost per tone of processed ore - blend of high and low grade (UAH)	129
Processing cost per tone of processed ore (UAH)	39
Overhead cost per tone of processed ore (UAH)	13
Total operating cost per tone of processed ore (UAH)	181
Amortisation per tone of processed ore (UAH)	28

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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 mining projects include rock phosphate, gold, silver and magnesium. The company also manages exploration projects in Western Australia and the Northern Territory. For more information about the Company's projects please visit our website at www.korabresources.com.au. Korab's shares are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse) through Equiduct electronic trading platform.

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