



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

31 December 2012

WINCHESTER MAGNESIUM DEPOSIT SALE

Korab Resources Ltd (ASX: KOR) ("Korab" or "Company") is pleased to advise that it has executed a Short Form Agreement to sell the Winchester magnesium deposit (the Assets) for up to \$33.2 million in cash and royalties to **Augur Investments Oü**, a diversified Estonian investment company with interests in mining, infrastructure and commercial property development.

The Company negotiated sale price of \$2 per tonne of JORC code compliant magnesite resource. The current resource base consists of an indicated resource of 12.2Mt at 43.1% MgO and an inferred resource of 4.4Mt at 43.6% MgO.

\$16.6 million of the consideration (\$1 per tonne of resource) will be payable on completion of the sale and an additional \$1 per tonne per tonne of resource (\$16.6 million) will be payable as a royalty on each tonne of magnesite mined from the deposit. The amount of royalties will be capped at \$16.6 million. The agreement is binding upon the parties but is subject to the following conditions precedent to be fulfilled by 31 March 2013:

1. Korab obtaining all regulatory and other approvals necessary for the sale of the Assets including the consent of the Minister under the Northern Territory Mineral Titles Act ; and
2. Buyer confirming by written notice to Korab that no information has arisen as a result of their due diligence enquiries in relation to the Assets which could be materially adverse to the operation of a magnesite mining project.

WINCHESTER MAGNESITE PROJECT (100% KORAB)

The Winchester magnesite deposit is located within the Batchelor project, 70km south from Darwin in the Northern Territory, with access to excellent basic infrastructure and logistics such as rail, gas, a sealed highway and high voltage power. Previous drilling at Batchelor to a depth of 100m outlined a high grade zone of magnesium mineralisation 7.5km long and 500m wide. Mineralisation is open at depth. Close spaced drilling over the area 550m by 300m, which covers less than 5% of the mineralised zone, outlined an indicated resource of 12.2Mt at 43.1% MgO and an inferred resource of 4.4Mt at 43.6% MgO.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

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* see Appendix A on page 2 for details

APPENDIX A

WINCHESTER MINERAL RESOURCE STATEMENT

Indicated resource of 12.2 Mt at 43.1% MgO

Inferred resource of 4.4 Mt at 43.6% MgO

BOBRIKOVO MINERAL RESOURCE STATEMENT AT VARIOUS CUT-OFF GRADES

Current mineral resource above 0.5 g/t au cut-off grade

<i>Resource by category</i>					
At 0.5 g/t Au cut-off	VOLUME	ORE_MASS	AU_CONTENT	AU_MASS	AU_MASS
	[1000m3]	[1000t]	[g/t]	[t]	[Mln oz.]
Measured	664.130	1,660.321	2.053	3.409	0.110
Indicated	2,909.636	7,274.089	2.792	20.313	0.653
Inferred	11,263.358	28,158.399	1.412	39.749	1.278
Total	14,837.124	37,092.809	1.711	63.471	2.041

Totals may differ due to rounding

Current mineral resource above 2 g/t au cut-off grade

<i>Resource by category</i>					
At 2 g/t Au cut-off	VOLUME	ORE_MASS	AU_CONTENT	AU_MASS	AU_MASS
	[1000m3]	[1000t]	[g/t]	[t]	[Mln oz.]
Measured	188.577	471.443	4.720	2.225	0.072
Indicated	1,289.213	3,223.033	4.559	14.694	0.472
Inferred	1,409.386	3,523.466	5.118	18.034	0.580
Total	2,887.177	7,217.942	4.843	34.953	1.124

Totals may differ due to rounding

MELROSE MINERAL RESOURCE STATEMENT

Current mineral resource above 0.5 g/t au cut-off grade

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

Competent Person: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Andrew Hawker, who is a principal geological consultant for HGS Australia Exploration Services 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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JORC COMPLIANT
GOLD RESOURCE
2.38 MLN ounces*

ISSUED CAPITAL
123 MLN shares
44 MLN options