



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

SHARES

ASX: KOR

Last price: AU\$ 3.0

BERLIN: C6S.BE

Last price: € 0.02

Wednesday, 1 October 2014

WINCHESTER MAGNESITE DIRECT SHIPPING ORE (DSO) OPERATION UPDATE

KEY POINTS

- AUSMAG PTY LTD ESTABLISHED AS OPERATOR OF MAGNESITE PROJECT
- APPLICATION LODGED BY AUSMAG PTY LTD FOR WINCHESTER MAGNESITE MINING LEASE
- DSO FEASIBILITY STUDY INCLUDING CAPEX AND OPEX IS NEARING COMPLETION AND IS EXPECTED TO BE REPORTED SHORTLY
- EVALUATION OF PROPOSAL TO ESTABLISH MAGNESITE DSO OPERATION IS PROGRESSING WELL

This is an update by Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiaries ("Korab Group") regarding the proposal to develop a direct shipping ore operations (DSO) at the Winchester magnesite deposit located within Batchelor Project; 70km south of Darwin in the Northern Territory of Australia.

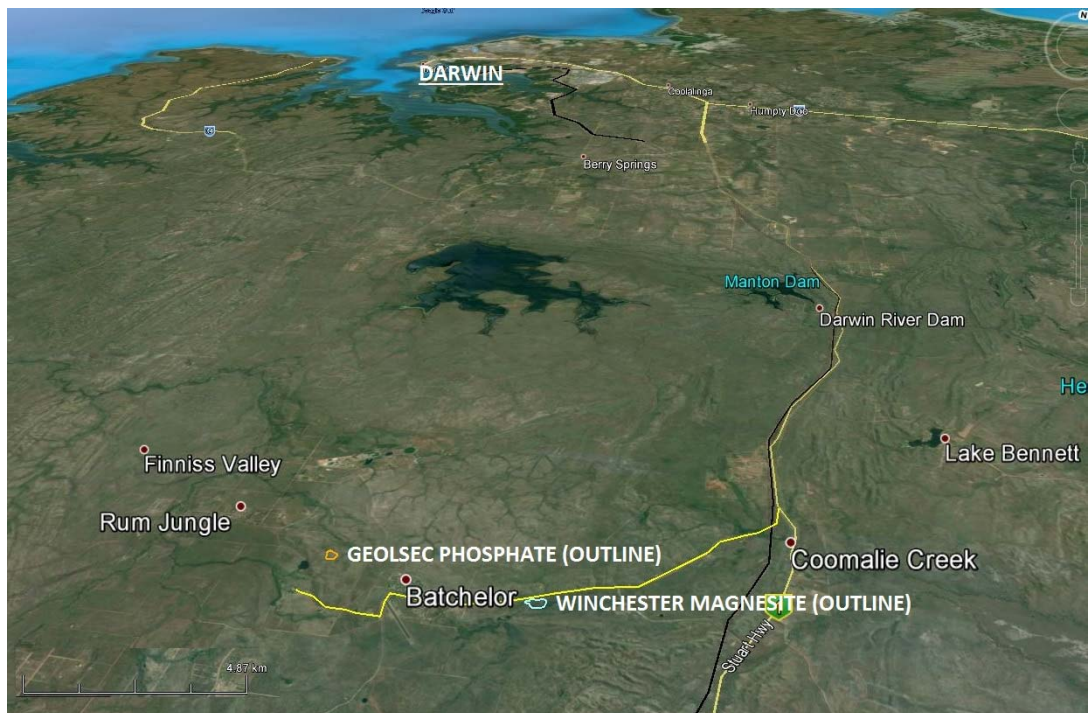


Figure 1 Winchester Magnesite Deposit location 70 km south of Darwin near town of Batchelor. Deposit is close to a highway, rail, water, gas, and power. This makes the Winchester arguably the best located magnesite project in Australia.



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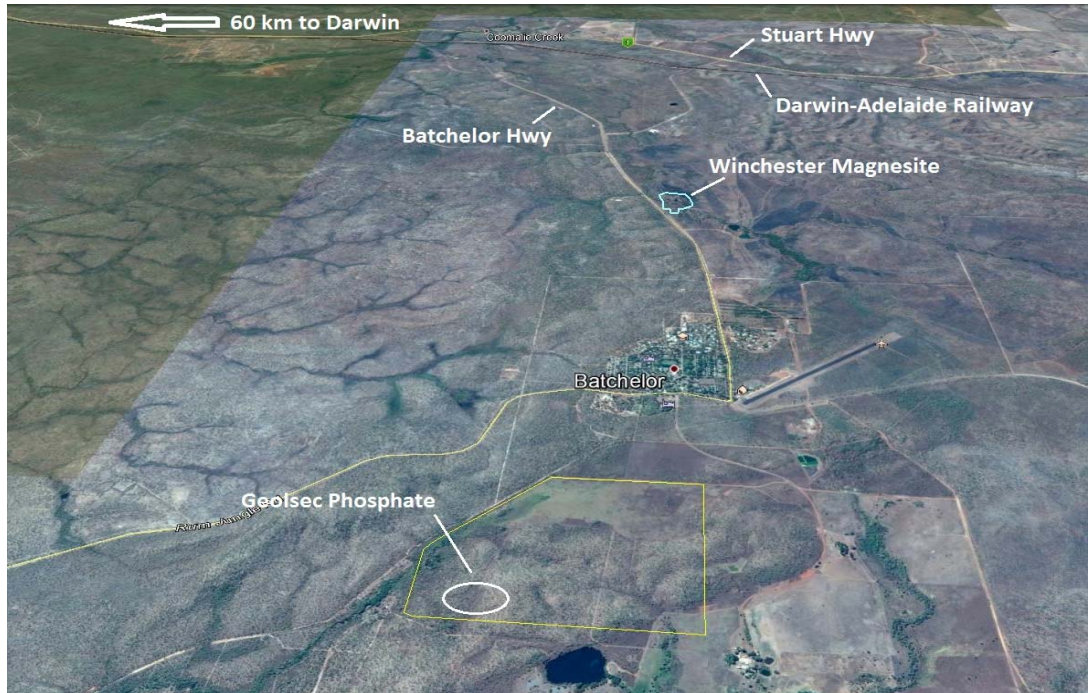


Figure 2 Winchester Magnesite Deposit location near town of Batchelor. Deposit is close to a highway, rail, water, gas, and power.

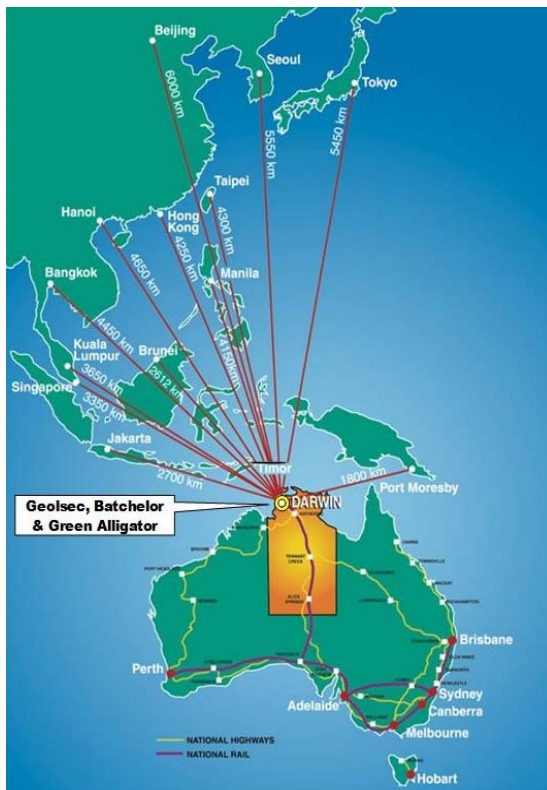


Figure 3 Proximity to shipping lanes and road network

As advised in the March Quarterly Report and in the "Operations Update" released on 30 May 2014 and on 20 June 2014, Korab Group has been continuing to evaluate a proposal to establish a DSO magnesite mining operation. Based on the preliminary results of the evaluation it appears that the Winchester magnesite deposit could support high volume and long-life DSO mining operation. The conceptual pit design (see Figure 4) indicates that the pit depth would be 15m after 5 years of operation and 90m at the end of life.

The evaluation incorporates an update to the mining plan which formed part of the previously undertaken feasibility study which was conducted and updated by Bateman Tenova. The current feasibility study includes detailed update of the capital expenditure (CAPEX) and operating costs (OPEX) of a magnesite DSO mining operation.

The results of this update including CAPEX, OPEX and planned nameplate annual production capacity are expected to be available for reporting shortly.



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Although this feasibility study update is still progressing and no formal decision to mine has been made as yet, the Company took the view that it would be advantageous to form a wholly owned subsidiary to hold the Winchester magnesite project. It was further decided that it would be appropriate to commence the permitting process. To this end the Company has incorporated a wholly owned subsidiary AusMag Pty Ltd, which has applied for a mining lease covering the Winchester project. The design of the open pit and the full design of the mine plan are already completed.

In 2012 Korab engaged Bateman-Tenova to review and undertake a high level update of the Winchester magnesite feasibility study. This high level review had shown that DSO magnesite mine would be profitable. The current evaluation is more detailed to enable detailed assessment of both CAPEX and OPEX of DSO magnesite operation.

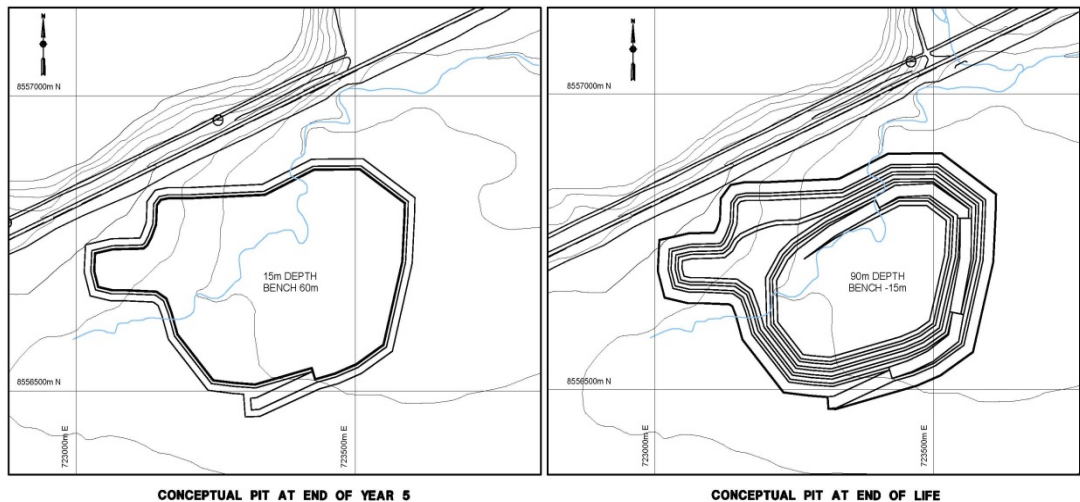


Figure 4 Conceptual pit design at end of year 5 and at end of mine life. The deposit is located near Batchelor road few kilometres from the town of Batchelor (see Figures 1 and 2)

Winchester magnesite deposit is a flat-laying, oval-shaped body which can be mined using open cut. It has a very low strip ratio as evidenced by the photo in Figure 5 on page 4 which is showing test mining of raw magnesite ore. The deposit extends from about 6m depth down to at least 100 meters depth.

Current estimate of mineral resource at Winchester stands at 16.6 Mln tones of magnesite rock. Historical drilling outlined a high grade magnesite zone within a 7.5km by 0.5km area to a depth of 100m. Mineralization is open at depth. Close spaced drilling over the area of the current Winchester Mineral Resource has outlined an Indicated Resource of 12.2Mt at 43.1% MgO and an Inferred Resource of 4.4Mt at 43.6% MgO. This information was prepared and first disclosed under the JORC Code 2004 on 17 July 2007. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

- END-

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ABOUT KORAB RESOURCES

Korab Resources Ltd is an international mining and exploration company with operations in Australia and Europe. Korab's projects include gold and silver deposit at Bobrikovo in eastern Ukraine, Geolsec phosphate rock deposit and Winchester magnesite deposit at Batchelor in the Northern Territory of Australia. The Company also explores for gold and copper at Ashburton Downs in Western Australia and for polymetallic deposits at Batchelor in the Northern Territory. More information about Korab's projects can be sourced from Korab's website at www.korab.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.



Figure 5 Test mining of magnesite at Winchester deposit. Crew standing on top of the magnesite mineralisation. Deposit has only few meters of overburden and a low strip ratio.



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