



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Friday, 24 October 2014

FPO SHARES

ASX: KOR

Last price: AU\$ 3.1

BERLIN: C6S.BE

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OPERATIONS UPDATE

KEY POINTS

- MARKETING OF GEOLSEC PHOSPHATE ROCK IS PROGRESSING WELL
- EVALUATION OF PROPOSAL TO ESTABLISH MAGNESITE MINING OPERATION AT BATCHELOR'S WINCHESTER DEPOSIT IS PROGRESSING WELL
- DSO FEASIBILITY STUDY FOR WINCHESTER IS NEARING COMPLETION AND IS EXPECTED TO BE REPORTED SHORTLY

This is an update by Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiaries ("Korab Group") regarding the Geolsec phosphate and Winchester magnesite projects.

MARKETING OF GEOLSEC PHOSPHATE ROCK

Marketing of phosphate rock from Geolsec deposit to overseas and domestic users is continuing. Geolsec is located 2km west of town of Batchelor and approximately 70km south of Darwin in the Northern Territory (see Figures 1 and 2). Whilst no sales or off-take agreements have been signed as yet, potential buyers and Korab Group are working together with an aim to complete the process as soon as possible to enable the parties to enter into sales agreements.

Following the last operations update, Korab Group received additional un-solicited inquiries and requests for samples and/or quotation for deliveries of phosphate rock. While these and prior requests have not yet translated into sales orders, the continuing flow of inquiries from phosphate rock users is indicative of the growing market awareness and interest in our product.

As soon as Korab enters into any material sales and/or off-take agreements it will advise the market accordingly. Korab will also continue to provide periodical updates regarding the progress of this project.

EVALUATION OF PROPOSAL FOR DEVELOPMENT OF MAGNESITE DEPOSIT

Evaluation of proposal to start mining of magnesite from Winchester magnesite deposit is ongoing and no decision to commence mining or to enter into any development, sale, or joint venture agreements with any of the interested parties has been made as yet. Winchester is located 4km east of town of Batchelor and approximately 70km south of Darwin in the Northern Territory (see Figures 1 and 2).

This evaluation is a complex process and involves review of several development variants, all of them being direct shipping ore operation but with different schedules, outputs, end users and partners.

As soon as Korab completes the evaluation and/or enters into any agreements it will advise the market accordingly. Korab will also continue to provide periodical updates regarding the progress of this project.



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PAGE 1



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DSO FEASIBILITY STUDY FOR WINCHESTER MAGNESITE

Feasibility study for the development of Winchester as direct shipping ore mining operation is nearing completion with estimates of OPEX and CAPEX currently being finalised. The results will be released to the market when available, which is expected to be before end of November 2014.



Figure 1 Geolsec Phosphate and Winchester Magnesite deposits - 70 km south of Darwin near town of Batchelor. Deposits are close to a highway, rail, water, gas, and power.

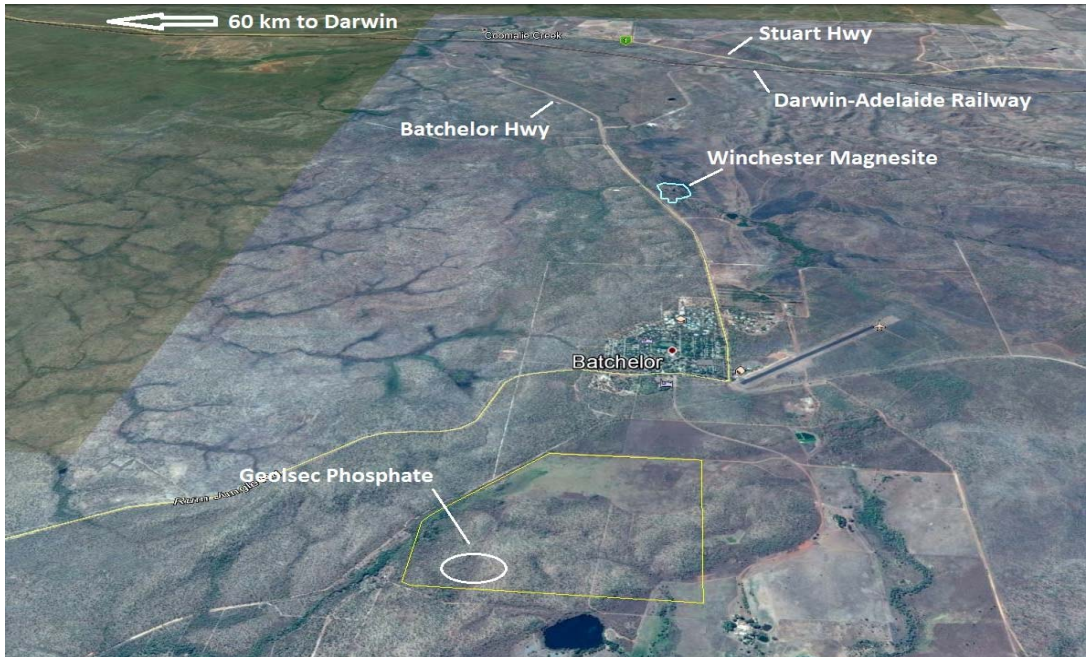


Figure 2 Geolsec Phosphate and Winchester Magnesite deposits location relative to town of Batchelor, basic infrastructure and topography.



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BACKGROUND TO GEOLSEC PHOSPHATE DEPOSIT

Korab has been continuing the marketing of the Geolsec rock phosphate ("RP" or "phosphate") following the receipt of the permit to mine (which was announced to the market in January 2014).

Location of the Geolsec project, just south of the port of Darwin and within a short distance to majority of Asian ports (see Figures 1 and 2) gives Geolsec significant advantage over phosphate producers located in Africa and the Middle East when supplying Asian and Australian buyers and distributors. Furthermore, being located next to trans-continental rail-way link and highway connecting Darwin to Queensland, NSW, Victoria and the Ord River agricultural region in WA, Geolsec has excellent access to the main agricultural regions in all Australian states.

The primary target markets for the domestic sales of the direct shipping phosphate rock, ground-up phosphate rock and phosphate rock blends, are plantations and pastoralists around Darwin (NT), fruit growers in Ord River (WA) and organic farmers in SA, Eastern States and WA. The primary target markets for the overseas sales of the direct shipping phosphate rock are Asian distributors and end users.

Geolsec direct application RP has a potential to provide substantial ongoing benefits to the environment by improving soil fertility and improving nutritional quality of produce grown on fields fertilised with RP and rock dust products. More information about Geolsec's benefits and the benefits of direct application of phosphate rock to soils is available from Korab website at www.korabresources.com.au/geolsec

Geolsec rock phosphate project is accessible by sealed road all year round. The deposit outcrops on a hill with no pre-strip required and can be mined using a low-cost open cut method. Geolsec is fully permitted to commence mining on continuous basis and the site has been cleared and fenced off.

BACKGROUND TO WINCHESTER MAGNESITE DEPOSIT AND SUMMARY OF PRIOR RELEASES

Korab Group has been continuing to progress the evaluation of Winchester magnesite deposit located around town of Batchelor approximately 70 km south of Darwin in the Northern territory.

Based on the preliminary results of the evaluation of Winchester magnesite deposit it appears that it could support high volume and long-life DSO mining operation. The pit design (see Figures 4 and 5) indicates that the pit depth would be 15m after 5 years of operation and 90m at the end of life.

Korab recently took the view that it would be advantageous to form a wholly owned subsidiary to hold the Winchester magnesite deposit and 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.

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.

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 comprehensive to enable detailed assessment of both CAPEX and OPEX of DSO magnesite operation.



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PAGE 3



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Winchester magnesite deposit is a flat-laying, oval-shaped body which is ideally suited to be mined using open cut. It has a very low strip ratio and extends from a shallow depth of about 6m to at least 100 meters. The deposit is covered by soil.



Figure 3 Test mining of magnesite at Winchester deposit. Crew standing on top of the magnesite mineralisation which extends at least several hundred meters laterally and to at least 100m depth.



Figure 4 3D visualisation of Winchester DSO mining operation (looking south from Batchelor Rd.)



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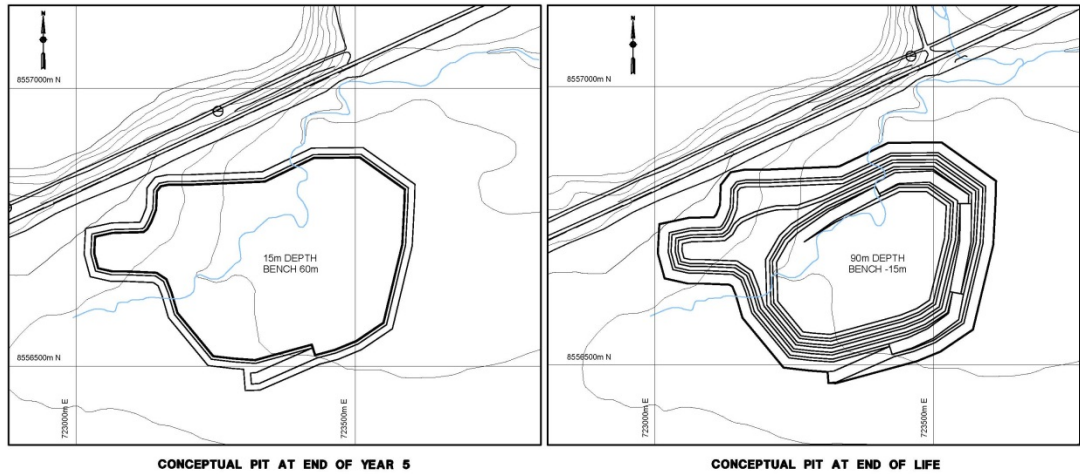


Figure 5 Conceptual pit design at end of year 5 and at end of mine life. The deposit is located 20 m from Batchelor road and few kilometres from the town of Batchelor (see Figures 1 and 2)

- END -

CONTACT:

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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.



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PAGE 5