



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

29 October 2021

Issued Capital

Issued Shares: 367 Mln
Last Price: 6.3 cents
Capitalisation: \$23 Mln

Listing Codes

ASX: KOR
BERLIN: C6S

Directors

Andrej K. Karpinski
Executive Chairman
Executive Director

Rodney H. Skeet
Non-executive Director
(Independent)

Anthony G. Wills
Non-executive Director
(Independent)

Projects

Winchester
(Rum Jungle, NT)
Magnesium (MgCO₃)

Sundance
(Rum Jungle, NT)
Gold, Silver, Tin

Batchelor & G. Alligator
(Rum Jungle, NT)
Au, Ag, Zn, Pb, Ni, Cu, Co, Sn,
Sc, Li, Mn, U

Geolsec
(Rum Jungle, NT)
Phosphate
(P₂O₅)
(Sub-leased to third party)

Mt. Elephant
(Ashburton, WA)
Gold, Copper

Bobrikovo
(Luhansk, UKRAINE)
Gold, Silver, Zinc, Lead

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2021

This is a quarterly activities report for the period from 1 July 2021 to 30 September 2021 by Korab Resources Ltd (“Korab”, or “Company”) (ASX: KOR) and its subsidiaries (“Korab Group”).

KEY POINTS

- RC and diamond core drilling campaign aimed at aggressive resource expansion at Korab Group's Winchester magnesium deposit fast-tracked as a result of the oversubscribed capital raising completed following the end of the quarter.
- \$1.9 Million capital raising at 5.5 cents a share completed within 4 hours after announcing it to the market with firm bids received from brokers and investor for in excess of \$4.3 Million worth of shares.
- Korab Group received approach from third parties interested in developing the Winchester magnesium deposit as a supplier of magnesium metal. The Company is also in discussions with other third parties regarding potential joint ventures, and potential provision of finance for the development of the Winchester project.
- Korab Group in discussions with magnesium metal users and magnesium buyers, including car makers (Fiat and Daimler), and aluminium/magnesium alloy producers regarding potential supply of magnesium metal from Winchester.
- Threat of an imminent halt to global car production due to depletion of stockpiles of magnesium metal used as alloying element in production of aluminium alloys used extensively in car production reported by multiple print, TV and internet media sources.
- Magnesium metal price rising from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in September 2021, and \$11,000 per tonne in October 2021.
- Shortage of magnesium metal caused by severe cuts to magnesium production by China, (which accounts for close to 90% of global magnesium metal production) likely to persist into the future according to statements and reports coming from Chinese state-owned media.
- Korab Group working on the development of Winchester magnesium deposit which is located an hour's drive from port of Darwin in the Northern Territory with easy access to shipping lanes to Europe, USA, and Asia.
- Winchester deposit is amenable to low cost open cut mining using blast and shovel method and has a high-grade magnesium mineral resource reported in accordance with the JORC Code (2004 Edition).
- Korab Group assessing the use of two solar farms adjacent to the Winchester project as the energy supplier to the project with the view to Winchester becoming a “zero-carbon” magnesium project.
- \$2 billion Critical Minerals Facility managed by Export Finance Australia intended to support and finance production of magnesium metal (among other critical metals) announced by Australian Government as an important pillar of the Australian Government's overarching Critical Minerals Strategy.



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- Korab Group in discussions with Northern Australia Infrastructure Fund (NAIF) regarding potential financing for Winchester project.
- The Company is working on the Mine Management Plan for the Winchester magnesium project with the view to having it lodged with the Northern Territory Government's Department of Industry, Tourism, and Trade as soon as it has been completed.
- Talks progressing well regarding offtakes for magnesium carbonate, CCM, DBM and magnesium metal.
- Korab Group reviewing the previously announced potential sale of Geolsec phosphate deposit in light of:
 - Recent sharp rise in phosphate prices caused by Chinese production and export cuts, and
 - Recent recapitalisation of the Korab resulting from heavily oversubscribed capital raising.

OPERATIONS – EXPLORATION, EVALUATION, AND DEVELOPMENT

During the quarter Korab Group continued exploration and evaluation of its mineral assets, as well as the progression of the Winchester magnesium deposit to production.

Following the end of the quarter, in response to the ASX query, the Company reported that it is in discussions with magnesium metal users and magnesium buyers, including car makers (Fiat and Daimler), and aluminium/magnesium alloy producers regarding potential supply of magnesium metal from Korab Group's Winchester magnesium project located near Darwin in the Northern Territory. The Company noted that no commercial terms have been agreed between the parties, the discussions are incomplete, and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.

The Company further advised that is internally assessing the use of two solar farms adjacent to the Winchester project (Batchelor 1, and Batchelor 2) that have a combined capacity of 22MW as the energy supplier to the project with the view to Winchester becoming a "zero-carbon" magnesium project. The Company noted that no discussions have been commenced with the owners and operators of the two solar farms pending the completion of the internal assessment.

The Company also noted recent media articles and TV news stories regarding a threat of an imminent halt to global car production due to depletion of stockpiles of magnesium metal used as alloying element in production of aluminium alloys, which are then used extensively in car production. According to these articles, the shortage of magnesium metal is caused by severe cuts to magnesium production by China, which accounts for close to 90% of global magnesium metal production. These cuts have led to magnesium metal price rising from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in September 2021, and \$11,000 per tonne in October 2021. Shortages of magnesium metal are likely to persist into the future according to statements published in Chinese state-owned media on Friday 29 October 2021.

The Company pointed further to Korab Group previous reports in various Quarterly Activity, Annual, and other reports that:

- Korab Group is working on the development of the Winchester magnesium deposit which is located an hour's drive from port of Darwin with access to shipping lanes to Europe, USA, and Asia.



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- Winchester deposit is amenable to low cost open cut mining using blast and shovel method and has a high-grade magnesium mineral resource reported in accordance with the JORC Code (2004 Edition).
- Korab Group has received approach from third parties interested in developing the Winchester magnesium deposit as a supplier of magnesium metal. The Company is also in discussions with other third parties regarding potential joint ventures, and potential provision of finance for the development of the Winchester project. No commercial terms have been agreed between the parties, the discussions are incomplete, and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.
- The Company is working on the Mine Management Plan for the Winchester magnesium project with the view to having it lodged with the Northern Territory Government's Department of Industry, Tourism, and Trade as soon as it has been completed.

Also following the end of the quarter on 28 October 2021, Korab undertook a capital raising by way of a placement of shares to sophisticated and other exempt investors to raise \$1.9 Million at 5.5 cents per share. The placement was heavily oversubscribed and closed within 4 hours after the initial announcement of the placement to the market with Korab receiving firm bids from brokers and investor for in excess of \$4.3 Million worth of shares. Placement shares were issued the same day, on 28 October 2021. Placement funds will be used to continue exploration and development work on Korab's mineral assets, for general working capital purposes and to retire debt. The work on Korab's mineral assets will focus initially on the Winchester magnesium deposit and Sundance gold mine.

WINCHESTER MAGNESIUM PROJECT (RUM JUNGLE MINERAL FIELD, NT)

DRILLING CAMPAIGN

As a result of the recently completed, heavily oversubscribed capital raising, the Company plans to accelerate the drilling campaign aimed at aggressive resource expansion at Korab Group's Winchester magnesium deposit. Drilling program will consist of up to 77 RC and diamond core drill holes for a total of up to 6,000 meters. This drilling campaign will target:

- Areas outside the current magnesium open pit envelope to in-fill the space between the high density drill-holes that form the basis of the current mineral resource estimate and the multiple lines of RC drilling that were completed in the past and that were not included in the estimation of mineral resource due to the distance between collars.
- Areas within the current magnesium open pit envelope to increase the drilling density.

Winchester magnesium deposit is covered by 3-6 meters of overburden consisting of loose clay and gravel. Massive magnesite mineralisation of high grade magnesite commences immediately below the overburden (Figure 3).

DISCUSSIONS REGARDING POTENTIAL JOINT VENTURES, OFFTAKES, AND FUNDING

In the recent quarterly report Korab Group advised the market that it has received an unsolicited approach from an Australian proprietary company which expressed an interest in the Winchester project. It was noted that the other party advised Korab Group that their interest in the project stems from the high quality of the deposit and its potential to serve as a source of the raw material (magnesium carbonate) for the production of magnesium metal. The discussions with the other party are ongoing but are incomplete and confidential. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information.



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During the quarter, Korab group has been approached by yet another unrelated party with an unsolicited proposal to enter into an agreement to jointly develop the Winchester quarry where the other party will fully fund the development in exchange for sharing the future profits from the quarry. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information.

Following the end of the quarter, Korab reported in response to ASX query that it is in discussions with magnesium metal users and magnesium buyers, including car makers (Fiat and Daimler), and aluminium/magnesium alloy producers regarding potential supply of magnesium metal from Winchester. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.

Following the end of the quarter, the Australian Government established the \$2 billion Critical Minerals Facility (which is managed by Export Finance Australia) to finance production of magnesium metal (among other critical minerals). The Government also announced reforms to the Northern Australia Infrastructure Facility (NAIF) to enable provision of finance to projects like Winchester magnesium project. Korab Group has already commenced discussions with NAIF and intends to commence discussions with Export Finance Australia in November 2021.

PERMITTING

During the earlier quarter, on 15 July 2020, Korab reported that following the amendments to environmental assessment legislation and our discussions with the NT Department of Primary Industry and Resources and the NT Environmental Protection Agency it has been determined that the Notice of Intent to mine (NOI) for the Winchester quarry is no longer required. Korab further advised that as a consequence, Korab Group will be proceeding directly to prepare and submit to the NT Department of Industry, Tourism, and Trade (formerly Department of Primary Industry and Resources) the Mine Management Plan for Winchester quarry (MMP).

The work completed to date on the NOI is being used in the preparation of the MMP and will be useful in the development and the management of the Winchester quarry. Korab Group continues to work on the MMP with the aim of completing it as soon as possible. The process of MMP preparations is complex and in addition to the design of the start-up quarry, requires addressing issues relating to potential future expansion of the project and its related logistics and infrastructure.

In essence, the mine, site infrastructure, and plant layout would be very simple and rudimentary if Winchester project was to be operated as a DSO quarry which does not require any on-site mineral processing (other than crushing, screening, and sorting).

The mine, mining schedule, site infrastructure, and plant layout would be quite different and much more complex if Winchester project was expanded to include a kiln and a smelter and if it was to be operated as a magnesium metal producer.

The MMP, which we are working on, should allow for this potential expansion to be accomplished with a minimum disruption to the ongoing DSO quarry operation and without the necessity to relocate the mine infrastructure including the pit access ramps, ROM pads, stockpiles, waste dumps, internal roads, plant site, etc.

MMP development also includes "quarantining" of certain zones of the project area to ensure that the infrastructure does not end up "sitting" on top of the potential valuable mineral resource.

The work on the MMP has continued through the quarter and has progressed well. However, there are still some aspects of the quarry operation that need to be revised and consequently, Korab Group



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is not in a position at this point in time to provide temporal guidance regarding the anticipated timing of the completion and the lodgment of the MMP. Korab Group will advise the market once the MMP for the Winchester quarry has been completed and lodged.

ABOUT WINCHESTER MAGNESIUM CARBONATE PROJECT

The proposed Winchester magnesium mine is located 2 km from the regional centre of Batchelor some 70km south of Darwin along Stuart Highway. Please refer to Figure 1 and Figure 2 for details of the location of the proposed Winchester magnesium carbonate quarry, and Korab Group's various mineral tenements in the area.

Deposit is at shallow depth (3-6 meters below surface) and is covered by a thin layer of unconsolidated clay and gravel. See the photo in Figure 3 which shows the test mining of the Winchester magnesium deposit conducted in the middle of the wet season.

For the mineral resource statement and the Competent Person statement in respect of the Winchester Project please refer to page 53 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021", copy of which is available from the ASX announcement platform and from Korab's website.

Magnesite rock (after it has been converted to magnesium oxide) is primarily used in the making of refractory linings necessary for the production of steel, cement, and glass. Other main uses of magnesium oxides and other magnesium compounds are in production of magnesium metal which is then used in production of aluminium/magnesium high-strength light-weight alloys used in car making and aerospace. Other uses are in water purification, nickel and cobalt metallurgy, cattle feed, direct energy conversion technologies, and rechargeable and single-use batteries.

China plans to increase the use of magnesium metal in cars from 8.5Kg/car to 45Kg/car in the near term. Between 2000 and 2021, China's control over global magnesium production increased from 12% of the global supply to 87% of global magnesium supply, creating an effective international monopoly on a 1.2 million tonnes per annum market. The situation is even more dramatic in Europe where China supplies over 95% of magnesium metal. Recent cuts to production of magnesium and its exports by Chinese government resulted in the magnesium metal price increasing from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in September 2021, and \$11,000 per tonne in October 2021. After prices have begun increasing few weeks ago and after several magnesium alloy producers started warning their car-making clients that they may not be able to supply them with required aluminium/magnesium alloys, multiple print, TV, and internet media sources reported that the major car makers in Europe warn of imminent halt to global car production due to depletion of stockpiles of magnesium metal.

As reported by Korab in investor presentations previously lodged with ASX, Winchester magnesium project is capable of supplying magnesium metal after it completed many years ago full production cycle which included:

1. Mining of magnesite (Figure 3)
2. Calcining of the magnesite to produce magnesium oxide
3. Building a pilot plant (Figure 4)
4. Producing magnesium metal and slug from magnesium oxide in the pilot plant (Figure 5)
5. Refining the magnesium metal to saleable product

This full production cycle has allowed for the generation and collection of the full data set covering mining, crushing, calcining, metallurgy, smelting, and refining. This complete data set was bought by Korab when it acquired Winchester project. Possession of this data potentially could allow Korab Group to move the Winchester magnesium project to production at a faster pace than it would be possible if all these tests were required to be completed by Korab.



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Availability of this data also makes Winchester magnesium project one of the most advanced magnesium projects that are currently under development. Location of the Winchester magnesium deposit (an hour's driving distance from Darwin port, Figure 1 and Figure 2), potential to use easy and cheap open-cut drill and blast, truck and shovel mining method, very thin overburden (Figure 3), and the proximity to transport infrastructure and power (Figure 6), make together Korab's Winchester project the best magnesium project in the world outside China and North Korea.

Winchester project waited for development for 2 decades primarily because of low magnesium prices prevailing between 2000 and 2020 (between \$1,300/t and 2,000/t) and low magnesium oxide prices (CCM and DBM) during this period. These depressed prices were caused by rapid growth in Chinese production capacity of both magnesium metal and magnesium oxides, with supply growth outstripping the growth in demand. This has made the development of Winchester not feasible until few years ago when prices of magnesite and magnesium oxides markedly improved. Over the recent years, an increasing number of car makers moved to using aluminium/magnesium alloys instead of steel to reduce their vehicles' weight and magnesium demand growth started outstripping supply growth. Few years ago China started shutting down or severely curtailing production at magnesite quarries. Then it moved to cutting production at calcination plants producing magnesium oxides including CCM and DBM, and finally the magnesium smelters became the target of shut downs. This has led to magnesium metal market moving into critical shortage phase.

BATCHELOR/GREEN ALLIGATOR POLYMETALLIC PROJECT (RUM JUNGLE MINERAL FIELD, NT)

During the quarter Korab continued exploration and evaluation of Batchelor/Green Alligator project with particular focus on its potential to host commercially viable mineralisation of gold, copper, zinc, lead, cobalt, nickel, iron ore, graphite, and other minerals. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated. Korab has also continued discussions with third parties regarding potential JV's to explore the project for various commodities.

SUNDANCE GOLD MINE (RUM JUNGLE MINERAL FIELD, NT)

The Company has continued work on re-opening the Sundance gold mine located south of Darwin in the Northern Territory and on treating the rock (which has been stockpiled on the mining leases) at the processing plant owned by a third party. Discussions with third parties are ongoing but are incomplete and details are confidential. There can be no certainty that any agreement or agreements can be reached or that any agreement will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. The Sundance gold mine is located on granted mining leases MLN542 and MLN543 (100% owned by Korab). In addition to the planned Winchester RC and DD drilling campaign, the Company also plans an auger drilling program at Sundance gold mine to test the grade of the stockpiles of previously mined rock located at Sundance.

GEOLSEC ROCK PHOSPHATE PROJECT (RUM JUNGLE MINERAL FIELD, NT)

During the quarter Korab Group focused on other mineral assets and consequently exploration work at the Geolsec project was limited. An unrelated company (the Miner), is sub-leasing the Geolsec phosphate project from Korab Group (as reported to the market on 25 July 2018). As reported previously, Korab Group received from the Miner an expression of interest to purchase the whole of the Geolsec phosphate project from Korab Group. The discussions regarding the potential sale of the Geolsec project are incomplete and confidential and there can be no certainty that any agreement or agreements can be reached or that any sale transaction will eventuate. No commercial terms have been agreed between the parties for the sale of the Geolsec project. Accordingly, no investment decision should be made on the basis of this information. Korab advises that as a result of the recent recapitalisation of the Company after heavily oversubscribed capital raising and the recent sharp rise in phosphate price caused by Chinese cuts to production and export of phosphates, Korab Group



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commenced a review of this asset to assess whether the sale of this asset is in the best interest of the Company and Korab's shareholders.

BOBRIKOV GOLD AND SILVER MINE (UKRAINE)

During the quarter, Korab continued discussions with parties interested in acquiring mineral assets located in eastern Ukraine regarding a potential sale, or a joint venture development of the Bobrikovo project. The discussions regarding the Bobrikovo project are incomplete and confidential and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate. No commercial terms have been agreed between the parties. Accordingly, no investment decision should be made on the basis of this information. For the mineral resource statement and the Competent Person statement in respect of the Bobrikovo Project please refer to pages 53 and 54 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021", copy of which is available from the ASX announcement platform and from Korab's website.

MT. ELEPHANT PROJECT (ASHBURTON MINERAL FIELD, WA)

During the quarter, Korab Group continued the exploration and evaluation of the Mt. Elephant project exploration licences E08/2307, E52/2724, E08/2756, and E08/2757, focusing primarily on their gold, iron ore, and base metals potential. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated. Mt. Elephant project consists of four granted exploration licences and three exploration licence applications (for details refer to Appendix A). As previously advised on 31 July 2020, Korab Group is in discussions with Great Fingall Mining Company NL (GFMC) regarding a potential option for GFMC to acquire the four exploration licences and three exploration licence applications which comprise the Mt. Elephant Project. The discussions regarding the Mt. Elephant project are incomplete and confidential and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate. No commercial terms have been agreed between the parties. Accordingly, no investment decision should be made on the basis of this information.

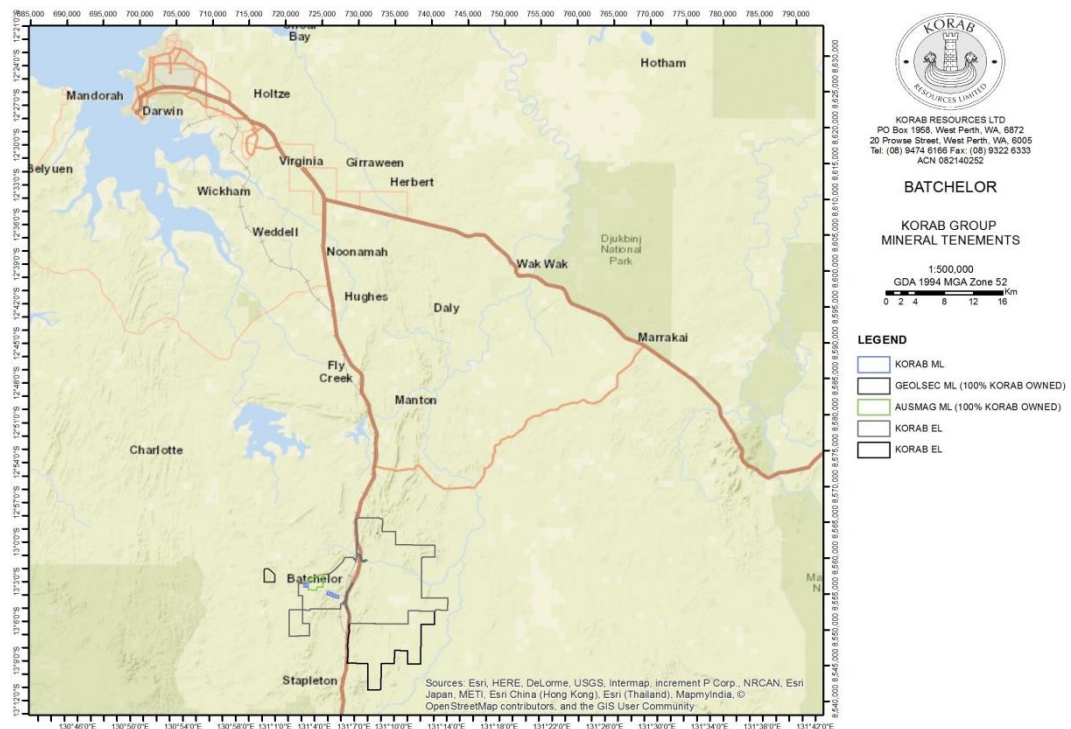


Figure 1 Location of Korab Group's mineral assets in the Northern territory



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Andrej K. Karpinski
Executive Chairman
Executive Director

Rodney H. Skeet
Non-executive Director
(Independent)

Anthony G. Wills
Non-executive Director
(Independent)

Projects

Winchester
(Rum Jungle, NT)
Magnesium (MgCO₃)

Sundance
(Rum Jungle, NT)
Gold, Silver, Tin

Batchelor & G. Alligator
(Rum Jungle, NT)
Au, Ag, Zn, Pb, Ni, Cu, Co, Sn,
Sc, Li, Mn, U

Geolsec
(Rum Jungle, NT)
Phosphate
(P₂O₅)
(Sub-leased to third party)

Mt. Elephant
(Ashburton, WA)
Gold, Copper

Bobrikovo
(Luhansk, UKRAINE)
Gold, Silver, Zinc, Lead

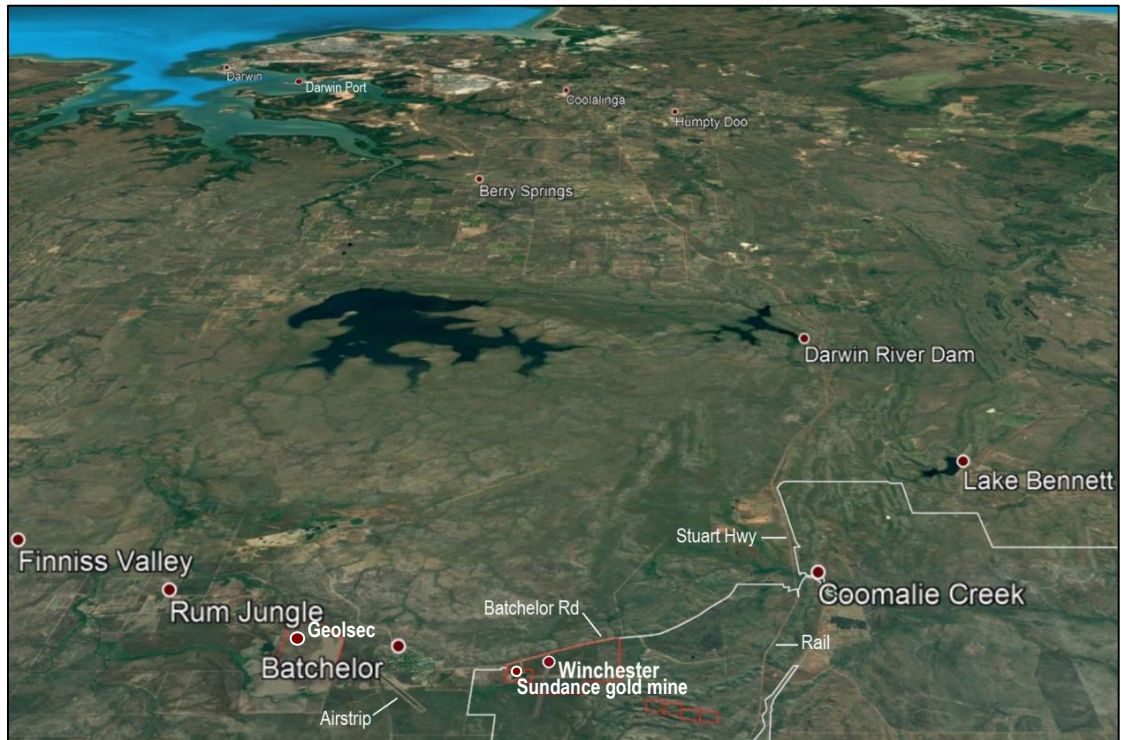


Figure 2 Location of Korab Group's mineral tenements (exploration leases in white and mining leases in red) and Winchester magnesium carbonate project relative to Darwin Port and basic infrastructure



Figure 3 Test mining of magnesium at Winchester project during the wet season



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ACN 082 140 252





KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Issued Capital

Issued Shares: 367 Mln

Last Price: 6.3 cents

Capitalisation: \$23 Mln

Listing Codes

ASX: KOR

BERLIN: C6S

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Figure 4 Pilot plant used to produce magnesium metal from Winchester project



Figure 5 Close-up of the furnace (left) and pouring of slag after magnesium metal was extracted (right)



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Figure 6 Solar farms at Batchelor (Batchelor 1 and Batchelor 2) adjacent to the Winchester project



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APPENDIX A

INTERESTS IN MINING TENEMENTS AS OF THE END OF THE REPORTING PERIOD

| Project/Tenements | Location | Held at end of quarter | Acquired during quarter | Disposed during quarter |
|---|-------------------------------|--|--------------------------------|--------------------------------|
| Batchelor/Green Alligator Project EL29550 MLN512 MLN513 MLN514 MLN515 MLN542 MLN543 EL31341 | Northern Territory, Australia | 100% 100% 100% 100% 100% 100% 100% | | |
| Winchester Project ML30587 | Northern Territory, Australia | 100% | | |
| Geolsec Project ML27362 | Northern Territory, Australia | 100% | | |
| Bobrikovo Project ¹ BKB169 4420381100646545 1589 | Ukraine Luhansk Region | 100% 100% 100% | | |
| Mt. Elephant Project: E08/2307 E52/2724 E08/2756 E08/2757 ELA52/3872 ELA08/3264 ELA08/3302 | Western Australia, Australia | 100% 100% 100% 100% 100% 100% | | |
| Farm-in agreements/Tenements | Location | Held at end of quarter | Acquired during quarter | Disposed during quarter |
| none | | | | |
| Farm-out agreements/Tenements | Location | Held at end of quarter | Acquired during quarter | Disposed during quarter |
| none | | | | |

- END-

This report has been authorised by the Board of Directors of the Company

INVESTOR RELATIONS CONTACT:

Andrej K. Karpinski - Executive Chairman
Australia: (08) 9474 6166
International: +61 8 9474 6166

ABOUT KORAB RESOURCES

Korab Resources Ltd is an international mining and exploration company with operations in Australia and Europe. Korab's projects include Winchester magnesium carbonate deposit at Batchelor in the Northern Territory of Australia, Geolsec phosphate rock deposit also at Batchelor, and other gold, silver, copper, cobalt, nickel, and polymetallic projects in Australia and overseas. More information about Korab's projects can be sourced from Korab's website at www.korab.com.au. Korab's shares

¹ Bobrikovo Project is located in eastern Ukraine in the Donbas region. The expenditure on this project has been written-off in full in the 2014 Annual Report at the consolidation level.



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are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse) through Equiduct electronic trading platform.

DISCLAIMER AND CAUTIONARY STATEMENT

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “expected”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)”, “should”, “envisage(s)” and similar expressions are intended to identify such forward-looking information. This information includes, but is not limited to statements regarding future exploration results, resources, or reserves, and production. Anyone reading this report is cautioned not to place undue reliance on these forward-looking statements. All of such statements are subject to risks and uncertainties (many of which are difficult to predict and which generally are beyond the control of the Company) that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: those relating to the interpretation of exploration results (including drill results), the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; risks relating to possible variations in reserves, grade, mining dilution, ore loss, and recovery rates; risks relating to changes in project financial and technical parameters; risks relating to the potential for delays in exploration programs, project evaluation/review, completion of feasibility studies and project development; risks related to commodity prices and foreign exchange rate fluctuations; risks related to failure to secure adequate financing on a timely basis and on acceptable terms; risks related to delays in obtaining governmental, or other permits and approvals; risks related to security of tenure; and other risks and uncertainties related to the Company’s prospects, properties and business strategy. Any forward-looking information contained in this report is provided as of the date of this report. Except as required under applicable listing rules and securities laws, the Company does not intend, and does not assume any obligation, to update this forward-looking information.



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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KORAB RESOURCES LIMITED

ABN

17082140252

Quarter ended ("current quarter")

30 September 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 41 | 41 |
| 1.2 Payments for | | |
| (a) exploration & evaluation (expensed) | | |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (11) | (11) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | 29 | 29 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) tenements | | |
| (c) property, plant and equipment | | |
| (d) exploration & evaluation (capitalised) | (39) | (39) |
| (e) investments | | |
| (f) other non-current assets | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | | |
| | (b) tenements | | |
| | (c) property, plant and equipment | | |
| | (d) investments | | |
| | (e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | 6 | 6 |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other | | |
| 2.6 | Net cash from / (used in) investing activities | (34) | (34) |

| | | | |
|-------------|---|-------------|-------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 | Proceeds from borrowings | 101 | 101 |
| 3.6 | Repayment of borrowings | (139) | (139) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (Receipts from Mt. Elephant option ex-holder. Option expired in June 2020) | | |
| 3.10 | Net cash from / (used in) financing activities | (38) | (38) |

| | | | |
|-----------|--|------|------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 93 | 93 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 29 | 29 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (34) | (34) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (38) | (38) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 50 | 50 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 37 | 80 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | 13 | 13 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 50 | 93 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | - |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | 78 | 75 |
| 7.2 Credit standby arrangements | 600 | 590 |
| 7.3 Other (please specify) | 0 | 0 |
| 7.4 Total financing facilities | 678 | 665 |
| 7.5 Unused financing facilities available at quarter end | | 13 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| <p>Loan facility – lender: Alicja Karpinski, interest: 12% pa, unsecured. Not due prior to 30 September 2022 but can be repaid early at Korab's discretion without penalties. Due and payable immediately upon change of control.</p> <p>Credit standby arrangements – lender: Rheingold Investments Corporation Pty Ltd, interest: 12% pa, unsecured. Not due prior to 30 September 2022 but can be repaid early at Korab's discretion without penalties. Due and payable immediately upon change of control.</p> <p>Following the end of the quarter the Company raised \$1,900,636 by way of a placement of 34,557,019 shares at 5.5 cents each to exempt investors.</p> | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | 29 |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (39) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (10) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 50 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | 13 |
| 8.6 Total available funding (item 8.4 + item 8.5) | 63 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 6.3 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: N/A. | |
| 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: N/A | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 October 2021

Date:

By the Board of Directors of the Company

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.