



# KORAB RESOURCES LIMITED

## KORAB HOUSE

[www.korab.com.au](http://www.korab.com.au)

2 May 2022

### **Issued Capital**

Issued Shares: 367 Mln

Last Price: 3.7 cents

Capitalisation: \$14 Mln

### **Listing Code**

ASX: KOR

### **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

#### **Sundance**

(Rum Jungle, NT)

Gold, Silver, Tin

**Batchelor & G. Alligator**

(Rum Jungle, NT)

Gold, Silver, Zinc, Lead, Nickel,  
Copper, Cobalt, Tin, Scandium,  
Lithium, Manganese, Uranium

#### **Geolsec**

(Rum Jungle, NT)

Phosphate  
Rare Earth Elements  
Uranium  
(Sub-leased to third party)

#### **Mt. Elephant**

(Ashburton, WA)

Gold, Copper

#### **Bobrikovo**

(Luhansk, UKRAINE)

Gold, Silver, Zinc, Lead,  
Antimony

## LETTER OF INTENT FROM SPEIRA GMBH

Korab Resources Ltd (“Korab”, or “Company”) (ASX: KOR) and its subsidiaries (“Korab Group”) are pleased to advise that Korab has received a Letter of Intent (LOI) from Speira GmbH (Speira) regarding supply of magnesium metal from the Winchester Magnesium Project to Speira.

Speira is a leading global manufacturer of advanced rolled aluminium products, producing approximately one million tonnes of aluminium alloys per year. Speira supplies some of the best-known global companies in the automotive, packaging, printing, engineering, building and construction industries.

Speira’s production base, with locations across Germany and Norway, includes JV Alunorf, the world’s largest plant for casting and rolling of aluminium, and Grevenbroich, the world’s largest rolled aluminium finishing mill. Speira employs around 5,000 people mainly in Germany and Norway. Speira closely collaborates with their value chain partners to better understand and improve the lifecycle effects of their aluminium products.

The LOI confirms Speira’s interest (on a non-binding basis) in negotiating the procurement of various magnesium products subject to:

- (i) Korab Group commencing production of primary magnesium metal from Winchester Project;
- (ii) Korab Group meeting Speira’s quality and sustainability standards; and
- (iii) Speira and Korab agreeing the commercial terms.

The LOI acknowledges Speira’s appreciation of Korab’s efforts to develop the Winchester Magnesium Project as a sustainable primary magnesium source to the market and Korab’s approach to build a business model integrating the most innovative production technologies, recycling, and renewable electricity generation.

Discussions with Speira are incomplete and confidential. No commercial terms have been agreed between the parties and there can be no certainty that an agreement can be reached. Accordingly, no investment decision should be made on the basis of this information.

### **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 2 and Figure 3 for details of the location of the proposed Winchester magnesium plant, and Korab Group’s various mineral tenements in the area.

Winchester magnesium deposit is covered by 3-6 meters of overburden consisting of loose clay and gravel. Massive mineralisation of high-grade magnesite commences immediately below the overburden (Figure 4 and Figure 5).

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



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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 early September 2021, and \$15,000 per tonne in October 2021. During the 2022 (to last week of April) magnesium price has traded in the range between \$8,000 and \$11,000 per tonne.

Global magnesium supply risks are compounded by the fact that less than 9% of global primary magnesium comes from countries with low political risk. As illustrated by Figure 1, over 90% of annual global magnesium production comes out of China, Russia, Kazakhstan, Ukraine, and Iran.

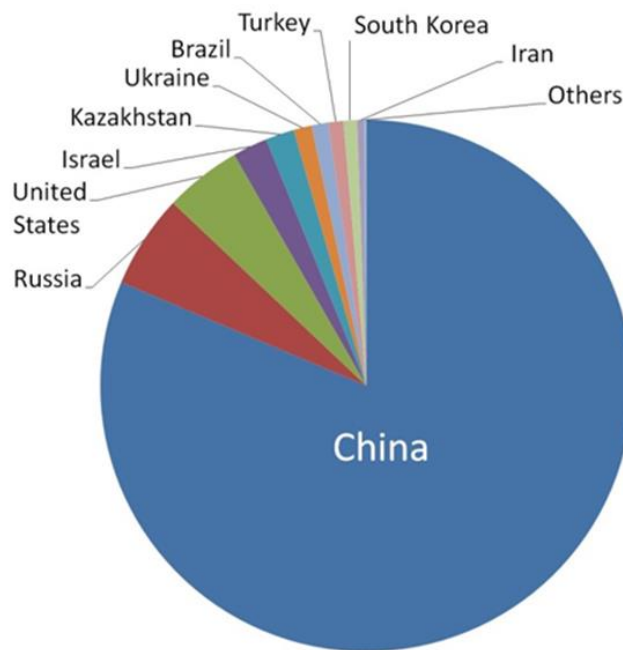


Figure 1 Global primary magnesium production share by country (2020)

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.



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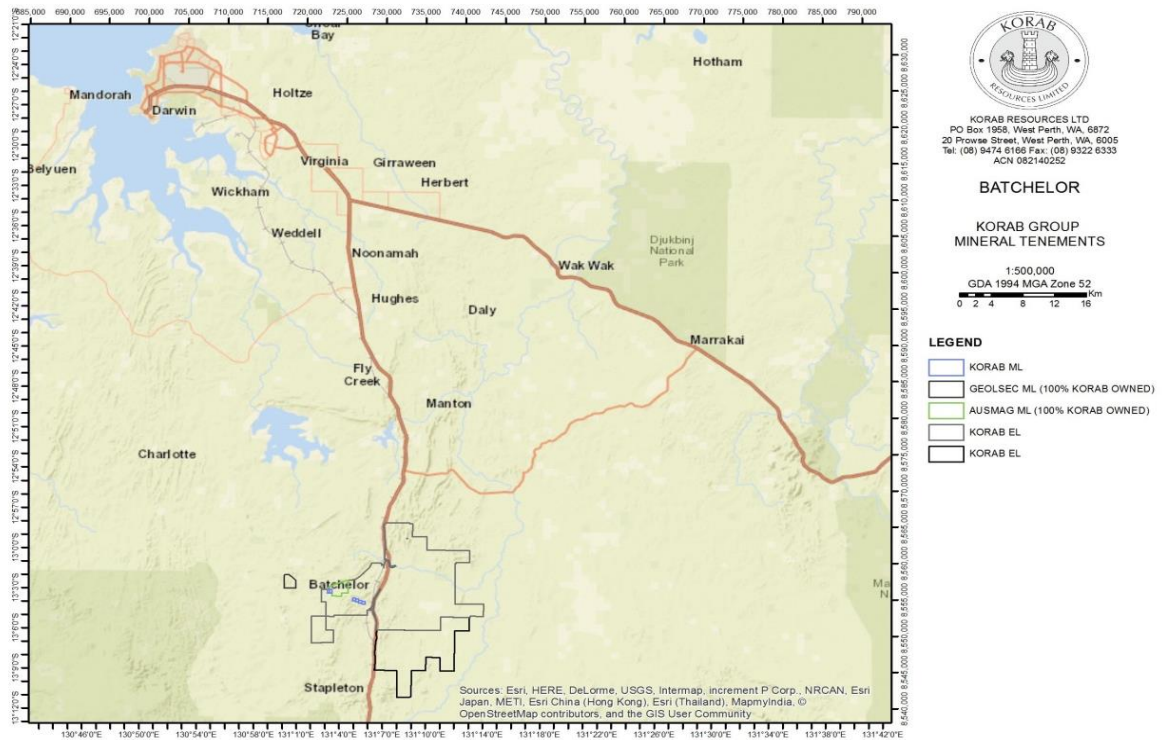


Figure 2 Location of Korab Group's mineral assets in the Northern territory

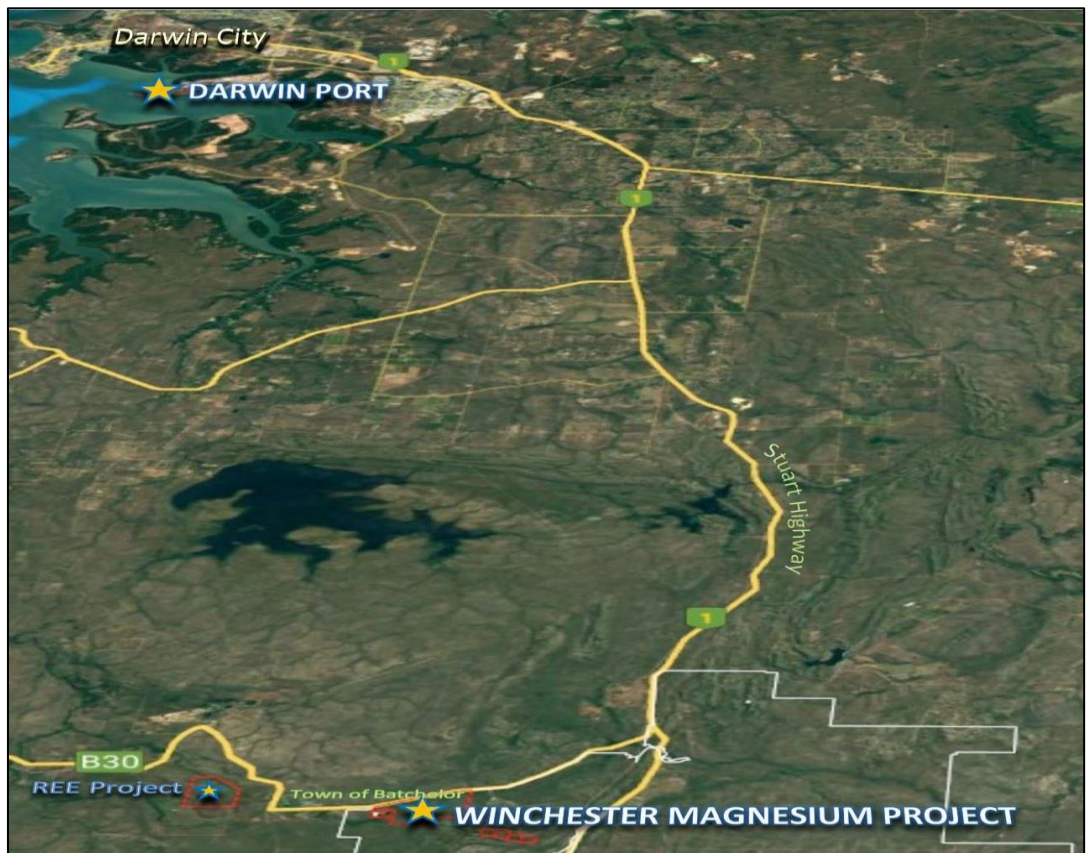


Figure 3 Location of Korab Group's mineral tenements (exploration leases in white and mining leases in red) and Winchester magnesium project relative to Darwin Port and basic infrastructure



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Figure 4 Test mining of magnesium at Winchester during the wet season (after blasting Level 0)



Figure 5 Test mining of magnesium at Winchester during the wet season (preparing to blast Level -1)



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

- 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 is a Magnesium Producer Member of the International Magnesium Association. Korab's projects include Winchester magnesium deposit at Batchelor in the Northern Territory of Australia, Geolsec phosphate and rare earth elements deposit also at Batchelor, and projects in Australia and overseas where gold, silver, copper, cobalt, nickel, lithium, scandium, lead, zinc, tin, manganese, uranium and other elements have been discovered. More information about Korab's projects can be sourced from Korab's website at [www.korab.com.au](http://www.korab.com.au). Korab's shares are traded on Australian Securities Exchange (ASX).

### **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



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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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