

MINING THE TERRITORY

Northern Territory Week

KORAB RESOURCES LTD

NEW FORCE IN THE MAGNESIA SUPPLY CHAIN

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Chairman

September 2018





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Korab Resources Ltd

Established in 1998, listed on ASX in 2005

Capital Structure

303 Mln shares and 4 Mln 10c options

Last Price: 3.6 cents

Market Capitalisation: \$11 Mln

Market Codes:

ASX: KOR

BERLIN: C6S.BE

Projects

- Winchester (NT) - Magnesium carbonate (MgCO₃)
- Batchelor (NT) - Au, Ag, Zn, Pb, Ni, Cu, Co
- Geolsec (NT) - Phosphate rock (P₂O₅) – subleased to 3rd party
- Mt. Elephant (WA) - Au, Cu - optioned for sale to 3rd party
- Bobrikovo (UKR) - Au, Ag, Pb - in discussions to sell to 3rd party

Address

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Directors

Andrej K. Karpinski – executive

Anthony G. Wills - non executive

Rodney HJ Skeet – non executive

Daniel A Smetana – non executive

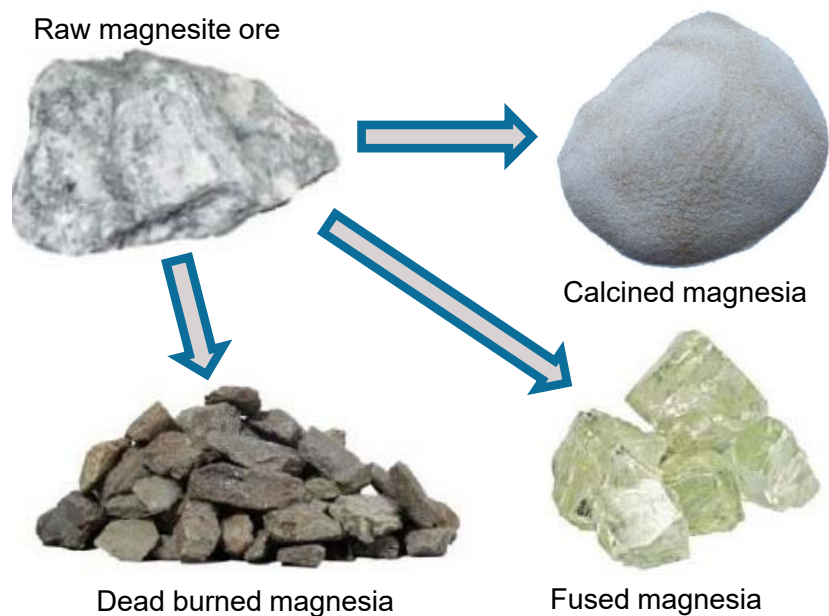
Objectives

To create a new force in the magnesia supply chain by becoming the largest independent supplier of:

- magnesium carbonate rock,
- caustic calcined magnesia (CCM),
- dead burned magnesia (DBM)

Magnesium Carbonate Markets and Users

Magnesium carbonate markets



Magnesium carbonate users



Current Magnesium Carbonate and Magnesia market

85 % of global magnesite production used to come from area in China and North Korea within 50 km of NK border.

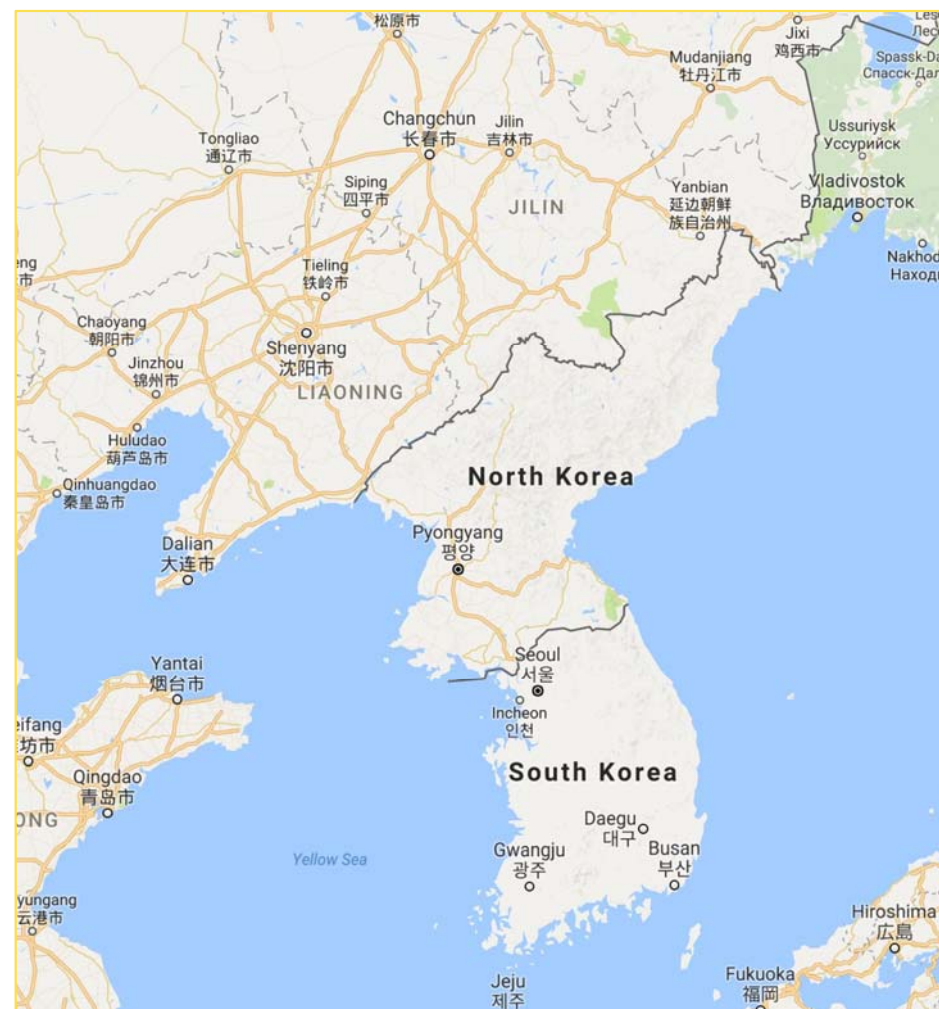
China clamped down in 2nd quarter 2017 on environmental pollution and this has led to closing down of most of the magnesite and magnesia production in Liaoning.

Prices for magnesite and magnesia went up 70% and 300%-400% respectively since clamp down.

Long term prices depend on how serious Chinese government is about pollution controls and environment protection.

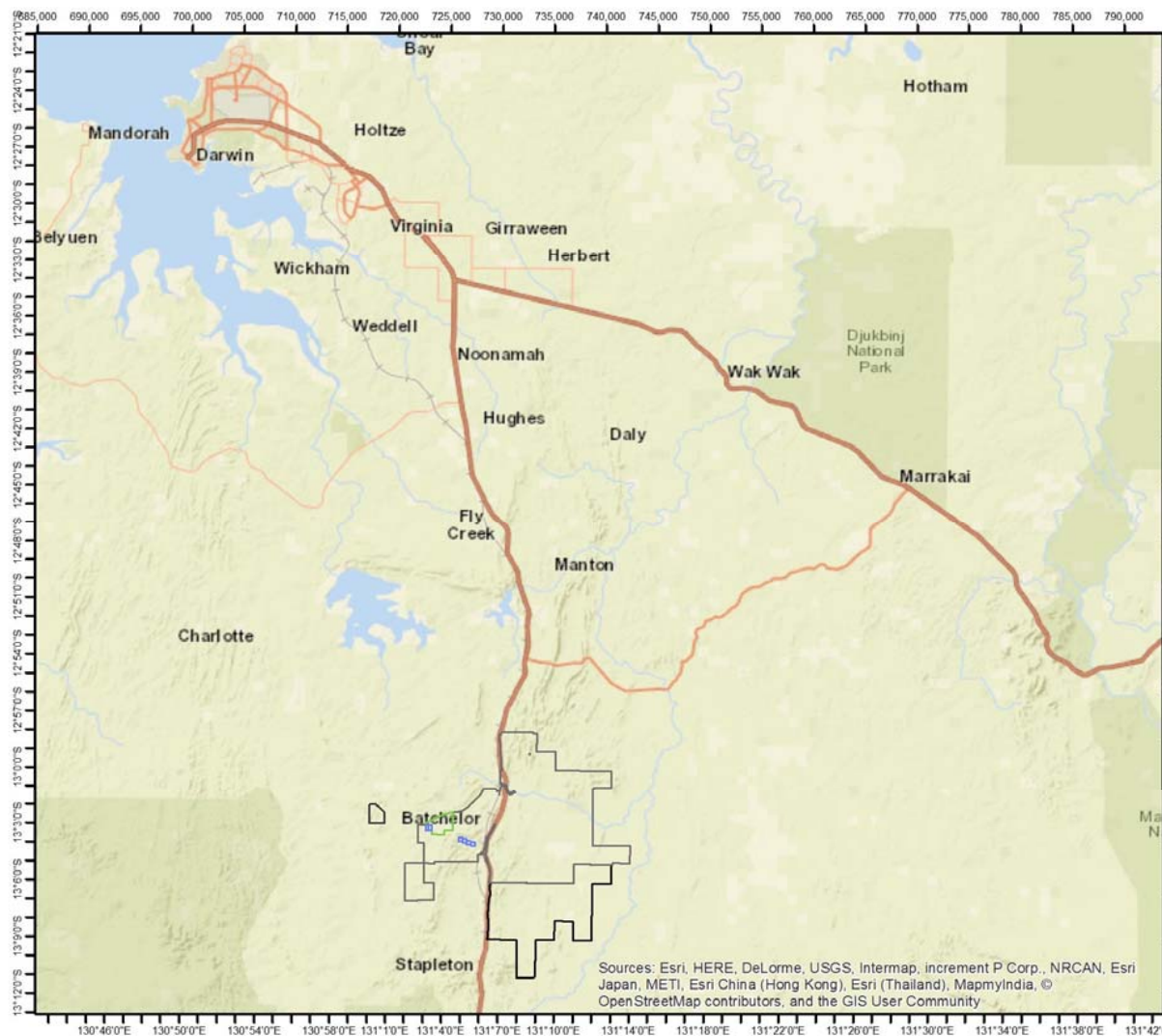
The new Chinese 5-year plan emphasises environmental protection, pollution reduction and health/safety as main drivers and key objectives

Shortages of magnesite and CCM, and DBM reported by refractories and other users.





Batchelor Group of Projects location



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BATCHELOR

KORAB GROUP MINERAL TENEMENTS

1:500,000
 GDA 1994 MGA Zone 52
 0 2 4 8 12 16 Km

LEGEND

- KORAB ML
- GEOLSEC ML (100% KORAB OWNED)
- AUSMAG ML (100% KORAB OWNED)
- KORAB EL
- KORAB EL



Batchelor Project Group

Large exploration area straddling the Stuart Hwy, 70 km south of Darwin

Batchelor Project group consists of multiple mineral titles which comprise 3 projects and several prospects:

Winchester project (MgCO)

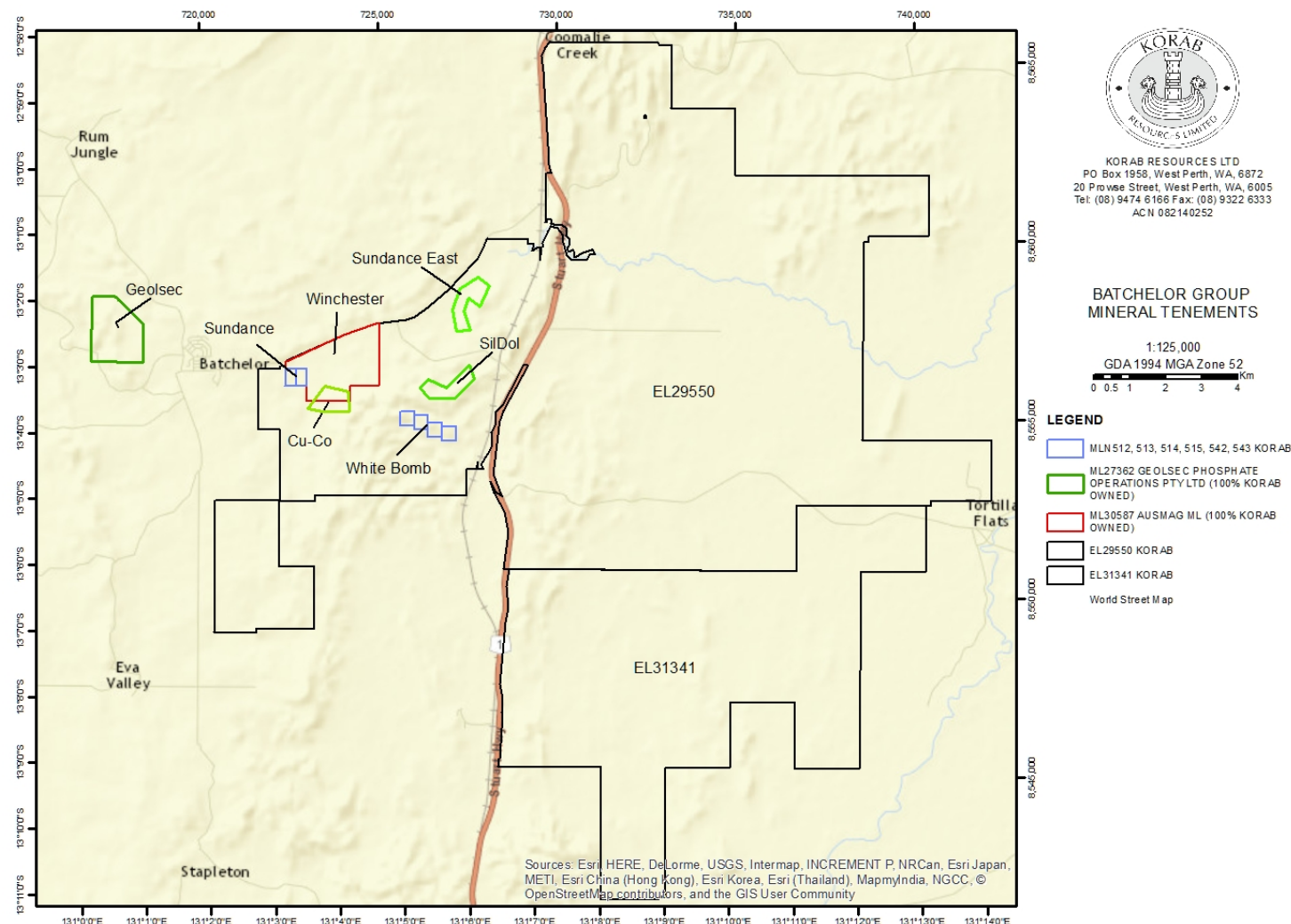
Geolsec project (P2O5)

Batchelor project (Au, Ag, Fe, Li)

White Bomb prospect (Zn, Pb, Ag)

Sundance gold mine and Sundance East prospects (Au, Cu, Co)

CU-Co prospect (Cu, Co)



Winchester Magnesium Carbonate Deposit

Company status

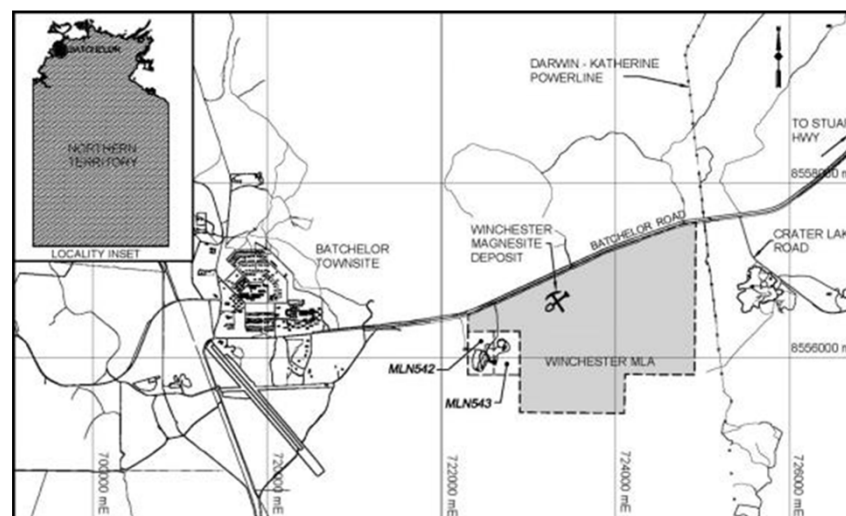
Winchester deposit is held by AusMag Pty Ltd which is a wholly owned subsidiary of Korab Resources Ltd

AusMag owns 100% of the Winchester deposit and the Mineral Lease ML30587 where it is located

AusMag is focused on developing the Winchester magnesium carbonate deposit located near Darwin in the Northern Territory into a simple quarry producing crushed and sorted high-purity magnesium carbonate rock as two product streams:

1. DSO product to be sold to end users and trading houses
2. Raw material to be processed overseas into DBM and CCM on a toll-treatment basis (for AusMag)

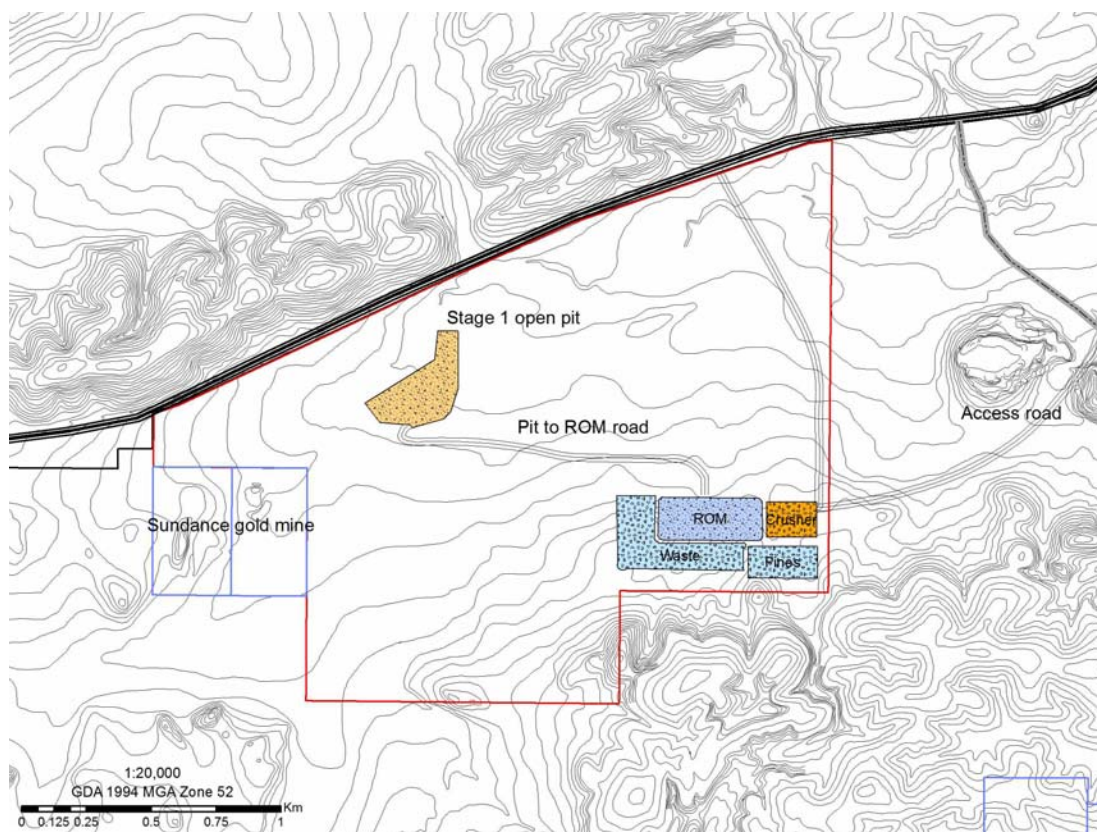
Tenure



The Mineral Lease ML30587 covers 352 hectares and has been granted for an initial period of 25 years to 20 October 2040. ML30587 is located 2km from Batchelor in the Northern Territory



Simplified Quarry Layout and Development Costs



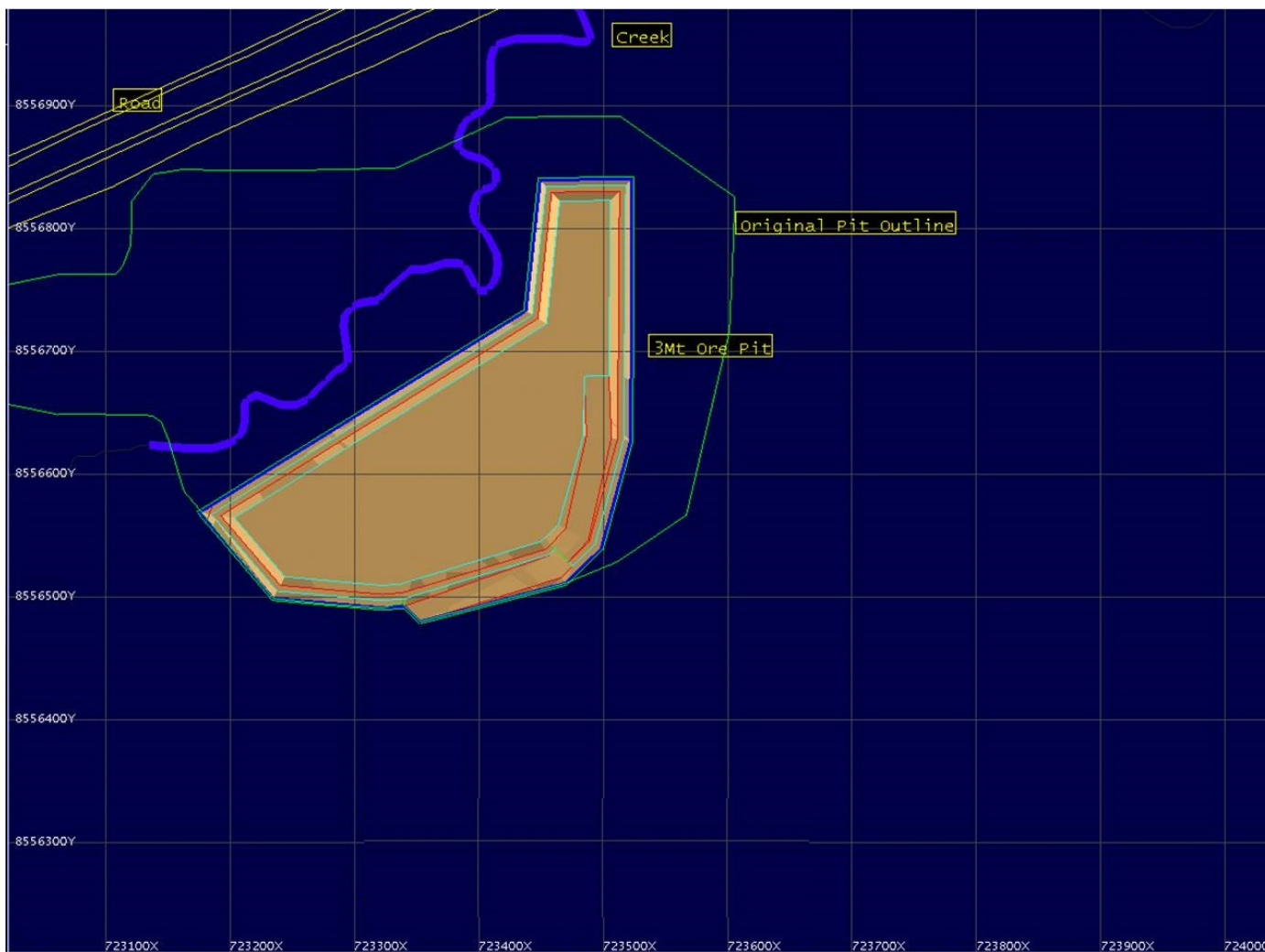
CAPEX estimates from FS report

SUMMARY	FROM	TO
WATER MANAGEMENT	390,000	400,000
SITE INFRASTRUCTURE	580,000	590,000
WASTE PRODUCTS DUMPS	100,000	110,000
QUARRY	810,000	820,000
SUBTOTAL	1,880,000	1,920,000
CONTINGENCY (30%)	564,000	576,000
TOTAL ESTIMATE	2,444,000	2,496,000

Capital expenditure is exceptionally low due to very simple quarry operation involving no processing other than crushing and screening. The terrain is flat requiring very little work. Sealed road with high voltage power passes few hundred meters from the deposit. The railway line is 8km from the quarry. Batchelor town with motels, shops and all amenities is 2km from the deposit.

These estimates of capital expenditure was first reported to ASX on 21 March 2018. There has been no material change to these estimates since they were originally reported. Please see the full report for cautionary statements and notes.

Quarry Stage 1 Open Pit Design



Test Quarry (Drill & Blast)



Test Quarry (Setting Charges)



Test Quarry (Loading)





Potential Additional Revenue Streams

- Preliminary results from current review of potential new revenue stream from toll-processing of magnesite into CCM and DBM97 and DBM98 shows robust economics
- Assuming 1st year tonnages suggested by trading houses and end users (reported to ASX 16 August 2018) of 300,000-600,000 tonnes of CCM and 150,000 to 300,000 DBM the potential gross profit in the first year (based on selling prices provided by potential offtake partners as originally reported to ASX on 31 July 2018 and 16 August 2018 and after deducting costs of quarrying the rock, crushing, sorting, handling, haulage, shipping, and processing which were estimated on the basis of quotes and information provided by contractors and end users) is as follows:
 - CCM at 300,000 tonnes: \$40mIn to \$50mIn at currently quoted prices
 - DBM97 at 150,000 tonnes: \$110mIn to \$130,000mIn at currently quoted prices
 - DBM98 at 150,000 tonnes: \$180,000mIn to \$200mIn at currently quoted prices

Please note that these estimates are conceptual in nature and whist they are based on plans which are currently being evaluated and there is no guarantee that the production of CCM and/or DBM will take place. This information is based on estimates from the feasibility study which covered costs and potential revenue streams and subsequently reported information originally released to the market on 7 March 2018, 21 March 2018, 30 April 2018, 31 July 2018, and 16 August 2018.

Please refer to the relevant reports for notes, assumptions, cautionary statements and mineral resource estimates.



Winchester Project Status

Various tests and studies successfully completed

- Metallurgical testing, and production of magnesium metal

- Calcination testing

- Hydrological studies

- Environmental studies

Commercialisation is progressing

- Granted mining lease (to 2040 with rights to extend)

- Offtakes, sales and funding are being secured (reported to ASX on 16 August 2018)

- Mining plan being updated

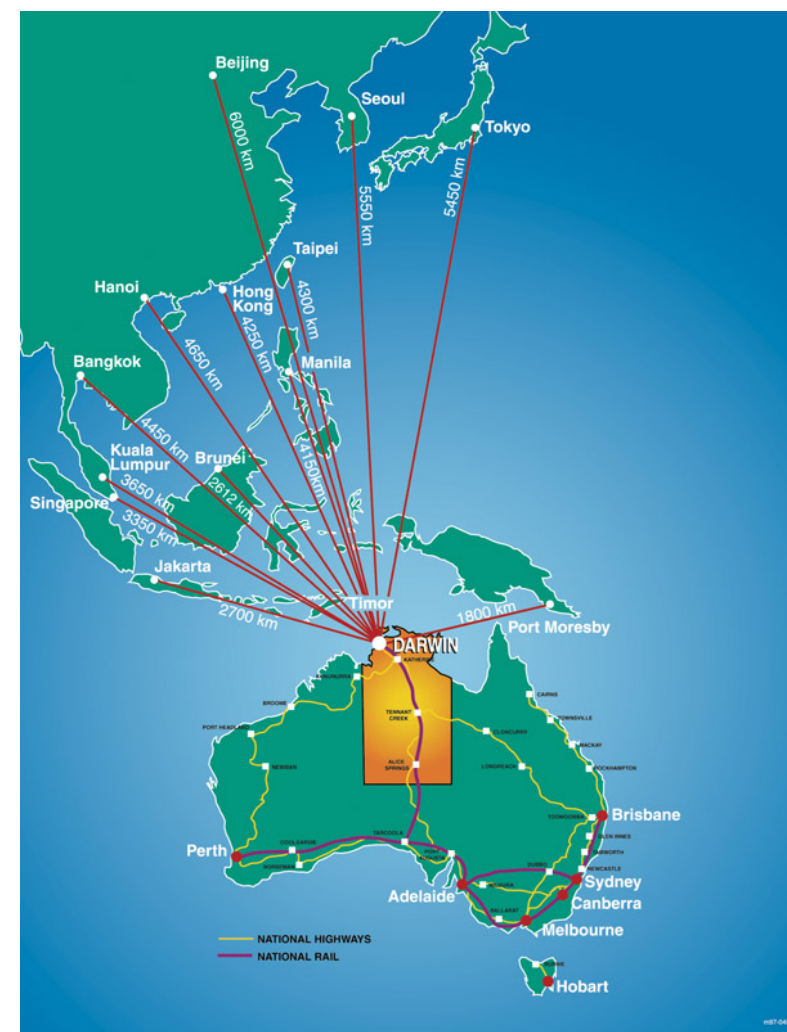
- Notice of intent to mine being finalised

- Discussions with rail operators are advancing

- MOU signed with Darwin port operator to use port facilities

Other Project Details

- Exceptionally low capex estimates
- Quarry can be developed in stages and easily expanded
- No need for additional funding once quarry is in operation, capacity expansion can be fully funded from cashflow
- Quarry can produce various grades of magnesium carbonate rock depending on end-use requirements from 42% MgO to 47% MgO (88% MgCO₃ to 99% MgCO₃)
- Proximity to port, road and rail ensures low shipping costs to processors and end users
- Access to Asia, Middle East and Europe via Darwin port
- Potential for overseas toll treatment of magnesite to produce value added products: CCM and DBM
- Consolidation of magnesia industry (RHI – Magnesita), increasing environmental controls (China) and depletion of old quarries in traditional producing regions is reducing the competition



Logistics - Darwin Port

