



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

31 October 2018

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2018

This is a quarterly activities report for the period from 1 July 2018 to 30 September 2018 by Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiaries ("Korab Group").

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 carbonate deposit to production.

As part of streamlining of our operations, Korab Group concluded transactions in respect of the Geolsec phosphate project and Mt. Elephant copper and gold project (details are provided further in this report). Korab also continued work on the Winchester magnesium carbonate project.

Winchester Magnesium Carbonate Project (Northern Territory)

During the quarter Korab continued evaluation of development plans for the project as part of the preparation of the notice of intent to mine and the mine plan. Korab is currently waiting for the feedback from a stakeholder and for some data from a contractor. Once all information is received it will be possible to finalise the notice of intent to mine and the mine plan. The Company intends to lodge the notice of intent to mine with the relevant department as soon as practicable following the receipt of this information.

On 12 September 2018, Korab reported results from updated feasibility study focusing on the potential revenue from additional products: Dead Burned Magnesia (DBM), and Caustic calcined magnesia (CCM). This report is available by clicking the link below:

<https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&id=02021411>

During and following the end of the quarter Korab Group has continued further discussion with separate potential offtake partners for the DSO magnesium carbonate rock from Winchester magnesium carbonate quarry as well as for DBM and CCM. Korab personnel met with representatives of magnesium carbonate buyers, trading houses, magnesium carbonate processors, refractories makers, and battery makers from China, Japan, Korea, Brazil, Germany, Belgium, Holland, Austria, and Poland. The discussions with interested 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 transaction will eventuate from these discussions. No commercial terms have been agreed between the parties. Accordingly, no investment decision should be made on the basis of this information. Korab will advise the market if and when an agreement or agreements have been reached.

Korab Group is still evaluating various funding options available. No decision regarding the funding for the project has been made at this point.

More substantive report regarding the Winchester project development will be provided to the market in November 2018.

Issued Capital

Issued Shares: 307 MLN
Last Price: 2.8 cents
Capitalisation: \$9 MLN

Listing Codes

ASX: KOR
BERLIN: C6S.BE

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Executive Chairman
Director

Rodney H. Skeet
Non-executive Director

Daniel A. Smetana
Non-executive Director

Anthony G. Wills
Non-executive Director

Projects

Winchester
(Rum Jungle, NT)
Magnesium carbonate (MgCO₃)

Geolsec
(Rum Jungle, NT)
Phosphate rock
(P2O₅)

Batchelor
(Rum Jungle, NT)
Au, Ag, Zn, Pb, Ni, Cu, Co, Sc,
Mn

Mt. Elephant
(Ashburton, WA)
Au, Cu



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Batchelor/Green Alligator Polymetallic Project (Northern Territory)

During the quarter Korab continued exploration and evaluation of Batchelor/Green Alligator project with particular focus on gold, cobalt, base metals, and lithium bearing pegmatites. Korab has also continued discussions with third parties regarding potential JV's to explore the project for various commodities.

Following the end of the quarter, on 24 October Korab reported that exploration licence EL29550 at Batchelor project has been renewed for a further 2 years to 31 July 2020 and is eligible for further renewals. EL29550 is located some 70km south of Darwin in the Northern Territory. It covers 172 square kilometres of prospective lithologies of the Rum Jungle Mineral Field within the prolific Pine Creek Orogen.

Geolsec Rock Phosphate Project (Northern Territory)

On 25 July 2018, Korab reported that it has executed an agreement with Greentogofuel Limited ("Miner") to sub-lease the Geolsec phosphate quarry.

The terms of the transaction are as follows:

In exchange to having the rights to quarry the phosphate rock, and explore the Tenement for additional phosphate rock, the Miner will pay Geolsec:

1. Fixed fee of \$20,000 per month.
2. Gross royalty of \$2/tonne of phosphate rock removed from the Tenement.
3. Interim Additional Royalty of \$5/tonne of phosphate rock removed from the Tenement.

The term of the agreement is for a period from 21 July 2018 ("Commencement Date") until the date when the Tenement expires, or otherwise ceases. Geolsec can terminate the agreement at its discretion if the Miner does not achieve the minimum production level of 60,000 tonnes of phosphate rock quarried and removed from the Tenement in any continuous 2 year period.

Miner will be responsible for all Tenement maintenance costs including rent, local government rates, statutory reporting, etc.

Miner will also be responsible for all phosphate quarry permitting, preparation and submission of any mine management plans in respect of the phosphate rock, obtaining any required authorisations, quarry development, quarry operations, phosphate rock sales, payment of statutory royalties levied by the Northern Territory government, phosphate rock marketing and shipping, and the rehabilitation of the Tenement, etc.

Geolsec will retain all property rights in the Tenement and will retain the rights to explore for other commodities within the Tenement and to develop any discoveries of all minerals other than phosphate rock.

If any Gross Royalty will be payable by the Miner in any particular month, \$10,000 of the \$20,000 Fixed Fee payable by the Miner for that particular month will count towards the amount of Gross Royalty due for that month. Any Fixed Fees paid in other months will not be affected.

Interim Additional Royalty will be initially payable by the Miner for a period of 5 years from the Commencement Date. At the end of the 5 year period Geolsec will advise the Miner of any amounts that were paid or are payable by Geolsec in respect of any third parties claims (if any) regarding phosphate rock production, and any surplus amount over and above these claims (if any) will be split 50-50 between Geolsec and the Miner. If no claims were paid or are payable by Geolsec at the end of the 5 year initial period, the Miner will no longer be required to pay the Interim Additional Royalty to Geolsec.



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Au, Cu

Bobrikovo Gold and Silver Project (Ukraine)

During and following the end of the quarter, notwithstanding the uncertain situation in the Donbas region, Korab Group continued engagement with various stakeholders, contractors, advisers, and potential partners/investors with the view to re-commencing operations at this project. Korab is in discussions with interested parties regarding potential sale, or sub-leasing of the Bobrikovo project. Currently, these discussions 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. Korab will advise the market if and when an agreement or agreements have been reached.

Mt. Elephant/Ashburton Downs Project (Western Australia)

On 25 July 2018 Korab reported that its subsidiaries Australian Copper and Australian Copper Holdings executed the Term Sheet with Great Fingall Mining Company NL (GFMC) for GFMC to acquire an option to purchase the Mt. Elephant project. The Term Sheet is binding upon the parties but is subject to shareholder approval if such is required under the ASX Listing Rules.

The transaction covers the Mt. Elephant project located in the Ashburton Mineral Field south of Paraburdoo in Western Australia. Mt. Elephant consists of 5 granted exploration licences E08/2757, E 52/2724, E08/2307, E08/2756, and E 08/2115 ("Tenements"). Exploration licence E08/2115 is subject to forfeiture action as reported to ASX on 12 June 2018.

The general terms of the transaction are as follows:

Pursuant to the Term Sheet, GFMC paid AusCopper a \$50,000 option fee to acquire an option to purchase the Tenements. The option term is 9 months from 21 July 2018 and it can be extended by agreement between the parties. Upon the exercise of the option, the consideration for the Tenements will be \$500,000 payable in ordinary shares in GFMC.

Under the Term Sheet, GFMC is responsible for the exploration within the Tenements, and for keeping the Tenements in good standing, including (among others) meeting the minimum expenditure requirements, paying tenement rents, and local government rates.

The transaction is conditional on:

1. Korab shareholder approval if required under the ASX Listing Rules:

Because the value of the consideration constitutes more than 20% of the consolidated equity interest of Korab, Korab may be required to seek shareholder approval for this transaction in general meeting pursuant to Listing Rule 11.4. If the Company is required to obtain shareholder approval for this transaction, the Company intends to call a general meeting as soon as practicable to seek such approval and if such approval is not obtained the option will lapse.

2. GFMC being admitted to the official list of ASX:

GFMC is an unlisted public company which intends to seek admission to ASX within the next 9 months. If GFMC is not listed on ASX within 9 months, the option will lapse unless it is extended by agreement between the parties.

Under a separate agreement executed between Australian Copper Holdings Pty Ltd (ACH) and GFMC, ACH will be responsible for defending the forfeiture action in respect of tenement E08/2115. In the unlikely event that the tenement E08/2115 is forfeited, GFMC will have 30 days to decide if it wants to terminate the option. If GFMC decides to terminate the option, AusCopper will refund to GFMC the \$50,000 option fee plus 50% of the exploration expenditure, tenement rent, and local government rates paid for by GFMC in respect of the Mt. Elephant Project.



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Au, Cu

During and following the end of the quarter, Korab (in conjunction with GFMC) continued exploration of the Mt. Elephant project focusing primarily on its gold and base metals potential.

Pilbara Projects

On 6 August 2018, Korab reported that it has withdrawn applications for exploration licences 45/5047, 46/1211, 46/1212, 47/3863, 47/3865, 47/3866, 47/3902, and 47/3903 located in the Pilbara region of Western Australia to concentrate on the development of the Winchester magnesium carbonate project and exploration and evaluation of the Batchelor project.

OPERATIONS - CORPORATE

Following the end of the reporting period, on 1 October 2018 Korab reported a placement of 3.5 million shares at 2.9 cents each. The funds will be used for working capital, Winchester marketing and permitting, general operating expenses, and to reduce Korab's liabilities.

INVESTOR 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 Winchester magnesium carbonate deposit and Geolsec phosphate rock deposit at Batchelor in the Northern Territory of Australia as well as a gold and silver deposit at Bobrikovo in eastern Ukraine. The Company also explores for gold and copper at Ashburton Downs/Mt. Elephant in Western Australia, and for gold, copper, lithium, tin, and tantalum at Karratha, and Marble Bar/Nullagine in Western Australia. Korab also explores for gold, cobalt, silver, lead, zinc, copper, nickel, lithium, and tin at Batchelor and Green Alligator 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.

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



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not assume any obligation, to update this forward-looking information. Pilbara East and Pilbara West projects are considered to be of early stage, grass roots exploration status.

APPENDIX A

INTERESTS IN MINING TENEMENTS AS OF 30 JUNE 2018

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% 100%		
Winchester Project ML30587	Northern Territory	100%		
Geolsec Project ML27362	Northern Territory	100%		
Pilbara Projects E47/3902 E47/3903 E45/5047 E46/1212 E46/1211 E47/3866 E47/3863 E47/3865	Western Australia	0% 0% 0% 0% 0% 0% 0% 0%		100% 100% 100% 100% 100% 100% 100% 100%
Bobrikovo Project ¹ BKB169 4420381100646545 1589	Ukraine Donbas	100% ² 100% 100% ³		
Mt. Elephant Project: E08/2115 E08/2307 ⁴ E52/2724 ⁵ E08/2756 E08/2757	Western Australia, Australia	100% 100% 100% 100% 100%		(A 9 month option granted over the project on 21 July 2018)
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				

¹ Bobrikovo Project is located in eastern part of Ukraine in the Donbas region. This project has been written-off in full in the 2014 Annual Report at the consolidation level. Given the ongoing situation in the Donbas region there is a lack of clarity regarding permitting and licencing situation.

² Korab's Ukrainian subsidiary applied for extension of term of the mining permit

³ Korab's Ukrainian subsidiary applied for extension of term of the exploration permit.

⁴ Korab's subsidiary applied for extension of term of the exploration licence.

⁵ Korab's subsidiary applied for extension of term of the exploration licence.

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