



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Issued Capital

Issued Shares: 317 Mln
Last Price: 1.7 cents
Capitalisation: \$5 Mln

Listing Codes

ASX: KOR
BERLIN: C6S

Directors

Andrej K. Karpinski
Executive Chairman
Director

Rodney H. Skeet
Non-executive Director
(Independent)

Daniel A. Smetana
Non-executive Director
(Independent)

Anthony G. Wills
Non-executive Director
(Independent)

Projects

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

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

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

**Mt. Elephant
(Ashburton, WA)**
Au, Cu
(Optioned for sale)

**Bobrikovo
(Luhansk, UKRAINE)**
Au, Ag, Zn

31 October 2019

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2019

This is a quarterly activities report for the period from 1 July 2019 to 30 September 2019 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.

WINCHESTER MAGNESIUM CARBONATE PROJECT (NT)

As previously reported to the market on 12 September 2018 and in subsequent report on 5 April 2019, the Company intends to produce raw magnesium carbonate rock which will be crushed and screened on-site at the Winchester quarry, as well as high grade and low grade CCM, and DBM which will be processed off-site using toll-processing through kilns owned by third-parties. Consequently the production of CCM and DBM will not require additional capital investment.

DISCUSSIONS REGARDING OFFTAKES FOR RAW MATERIALS, CCM, AND DBM

During and following the end of the quarter, Korab Group continued discussions and negotiations with various parties including trading houses, refractory ceramics producers, other potential buyers of magnesium carbonate rock, CCM, and DBM, as well as kiln operators, and equipment suppliers. 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. Other than the agreement with ZM Ropczyce reported during the March 2019 quarter, 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 regarding offtakes and/or toll-treatment have been reached.

PERMITTING

During the quarter Korab continued the work on the permitting for the Winchester quarry. On 2 July 2019, Korab provided an update on the permitting progress. The Company advised that it has received feedback from the review of the Notice of Intent to mine (NOI) by the parties assisting the Company and that the Company was putting through the suggested changes and adding suggested additional information to the NOI.

The Company further advised that following the completion of this process, the NOI would be forwarded for further review by the parties assisting the Company prior to its lodgment with the NTEPA. Following this review of the NOI, more amendments were made and the NOI was submitted for further reviews. The NOI is currently undergoing additional amendments to address most recent comments and suggestions. This process is being advanced as rapidly as possible with the Company diverting most of its resources to this task. Once this process is completed, the NOI will be submitted for what Korab is hoping to be the last review, and subject to there being no further comments or suggestions, it will then be lodged with NTEPA. The Company will advise the market after the NOI has been lodged with the NTEPA.

STAFF

During and following the end of the quarter, Korab continued discussions and negotiations with persons who have significant level of experienced in development of similar magnesium carbonate



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PAGE 1



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projects from an early stage of mineral resource definition to production and export of raw magnesite, CCM and DBM with the view of expanding Korab technical and management staff. These discussions are ongoing but are incomplete and details are confidential. No commercial terms have been agreed between the parties.

ABOUT WINCHESTER MAGNESIUM CARBONATE PROJECT

The proposed magnesium carbonate quarry at Winchester is located 2 km from the regional centre of Batchelor some 70km south of Darwin along Stuart Highway. Please refer to Figure 1 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 and is covered by a thin layer (few meters) of unconsolidated clay and gravel. See the photo in Figure 2 which shows the test mining of the Winchester magnesium carbonate deposit conducted in the middle of the wet season. Winchester magnesium carbonate rock can be quarried using drill and blast, shovel, and truck method.

BATCHELOR/GREEN ALLIGATOR POLYMETALLIC PROJECT (NT)

During the quarter Korab continued exploration and evaluation of Batchelor/Green Alligator project with particular focus on gold, cobalt, nickel, lead, and base metals. No material exploration results were generated. Korab has also continued discussions with third parties regarding potential JV's to explore the project for various commodities. The Company has also continued discussions with third parties regarding a potential toll treatment of gold ore stockpiled at the Sundance gold mine located near Winchester magnesium carbonate deposit, within mining leases MLN542 and MLN543 (which are also owned by Korab).

GEOLSEC ROCK PHOSPHATE PROJECT (NT)

During the quarter Korab Group focused on other mineral assets and consequently exploration work at the Geolsec project was limited. An unrelated company, which is sub-leasing the Geolsec phosphate project from Korab Group, has advised Korab that it is working on its own permitting for the Geolsec phosphate quarry prior to commencing extraction of the phosphate rock for export.

BOBRIKOV GOLD AND SILVER PROJECT (UKRAINE)

On 24 September 2019 Korab Group reported that that it has received notification from its Ukrainian subsidiary "DKL" that on the basis of the Executive Order/Decree of the President of Ukraine, all exploration licences, mining permits, and leases held by "DKL" whose term would have otherwise expired, have been prolonged until the end of the hostilities in the Luhansk region. During and following the end of the quarter, notwithstanding the uncertain situation in eastern Ukraine where the project is located, Korab Group continued engagement with stakeholders, contractors, advisers, and potential partners/investors with the view to a JV, sub-leasing, sale, or re-commencing operations at this project. Recent exchange of PoWs between Russia and Ukraine (which took place as a result of direct discussions between the Presidents of Ukraine and Russia) following Ukrainian presidential and parliamentary elections is expected to form the basis for further steps leading to normalisation of the situation in eastern Ukraine. During the quarter, Korab continued discussions with parties interested in acquiring mineral assets located in eastern Ukraine regarding a potential sale of the Bobrikovo project. Currently, the discussions regarding the sale of 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. Korab will advise the market if and when an agreement or agreements have been reached.

MT. ELEPHANT/ASHBURTON DOWNS PROJECT (WA)

During and following the end of the quarter, Korab Group, in conjunction with Great Fingall Mining Company NL (GFMC), which holds the option to acquire the project (as reported to the market on 25



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July 2018), continued the exploration and evaluation of the Mt. Elephant project focusing primarily on its gold and base metals potential. No material exploration results were generated. GFMC covered the costs associated with tenement maintenance and the exploration and evaluation work within the project.

Following the end of the quarter on 25 October 2019 Korab reported that its subsidiaries Australian Copper Pty Ltd and Australian Copper Holdings Pty Ltd (**together AusCopper**) and GFMC have agreed to extend the option for GFMC to purchase the Mt. Elephant Project. The Option has been extended for a further 8 months to 21 June 2020. GFMC agreed to pay AusCopper an option extension fee of \$10,000. This option may be extended further by mutual agreement between the parties. All other terms of the transaction remain as before.

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 application as reported to ASX on 12 June 2018.

Whilst GFMC is responsible for the exploration, and other costs associated with Mt. Elephant Project, Korab Group is providing exploration management and tenement management support to GFMC. GFMC reimburses Korab for provision of these services, as well as fully funds the third party costs associated with the exploration and management of the Mt. Elephant Project (other than the costs of defending the forfeiture application).

OPERATIONS – CORPORATE

PLACEMENTS

On 11 July 2019, Korab reported a placement of 5,000,000 shares at 3.1 cents each. Korab advised that funds raised will be used for working capital, progression of project permitting, and to reduce liabilities. No brokerage, or commissions were payable on this placement. On 18 July 2019, Korab reported a placement of 400,000 shares at 3.5 cents each. Korab advised that funds raised will be used for working capital, progression of project permitting, and to reduce liabilities. No brokerage, or commissions were payable on this placement.

CLEANSING PROSPECTUS

Following the end of the quarter, on 17 October 2019, Korab lodged a Cleansing Prospectus (the **Prospectus**) with the ASIC and the ASX. The primary purpose of the Prospectus was to remove any trading restrictions that may have attached to shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the date of the Prospectus. Korab did not issue any new shares under the Prospectus as the purpose of the Prospectus was not to raise capital.

DARWIN OFFICE

The Company continues to review potential suitable office locations in Darwin CBD as part of the process to open a permanent office in Darwin to expedite the work on permitting and development of the Winchester project. The terms offered for previously found suitable office space were not acceptable to the Company.

INVESTOR RELATIONS CONTACT:

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



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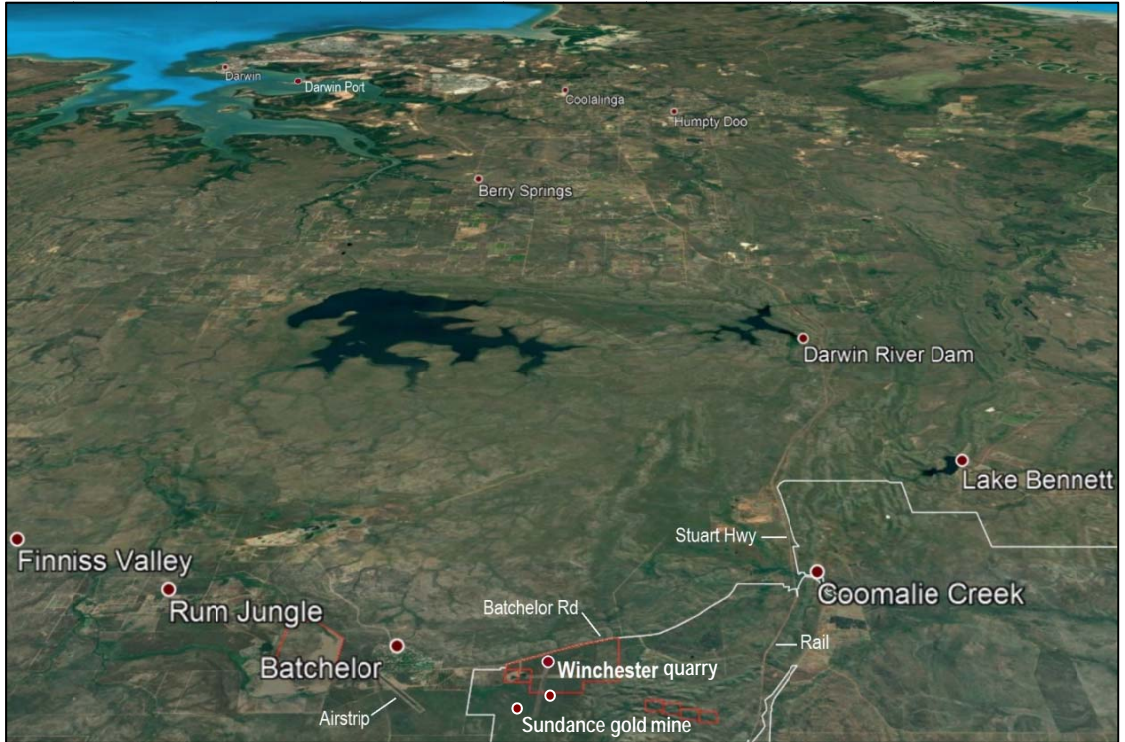


Figure 1 Location of Korab Group's mineral tenements (exploration leases in white and mining leases in red) and Winchester magnesium carbonate project relative to Darwin Port and basic infrastructure



Figure 2 Test mining of magnesium carbonate at Winchester (setting of explosive charges)



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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: E08/2115 ² E08/2307 E52/2724 E08/2756 E08/2757	Western Australia, Australia	100% 100% 100% 100% 100%		(Option over the project extended by 8 month to 21 June 2020)
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				

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

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

² Exploration licence E08/2115 is subject of a forfeiture application, as reported to the market on 12 June 2018.



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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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