



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

30 April 2020

Issued Capital

Issued Shares: 333 Mln
Last Price: 0.7 cents
Capitalisation: \$2 Mln

Listing Codes

ASX: KOR
BERLIN: C6S

Directors

Andrej K. Karpinski
Executive Chairman
Director

Rodney H. Skeet
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

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2020

This is a quarterly activities report for the period from 1 January 2020 to 31 March 2020 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 and following the end of the quarter Korab continued the work on the permitting for the Winchester quarry including the Notice of Intent (NOI). Korab reported on 16 January 2020, that the NOI was undergoing additional amendments to address most recent comments and suggestions. This process is still being progressed and is being advanced as rapidly as possible. Current travel restrictions and work-from-home policies adopted by Korab and other companies are not having significant impact on the progress of this process. Once this process is completed, the NOI will be submitted for 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 the second half of the quarter, Korab has put on hold discussions and negotiations it was progressing with the view of expanding Korab technical and management staff. These discussions and negotiations (held with persons who have significant level of experienced in development of similar magnesium carbonate projects from an early stage of mineral resource definition to production and export of raw magnesite, CCM and DBM) will recommence once the current travel restrictions



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Au, Ag, Zn

have been lifted. These discussions 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. For the mineral resource statement and the Competent Person statement in respect of the Winchester Project please refer to page 55 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019", copy of which is available from the ASX announcement platform and from Korab's website.

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 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. 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 (the Miner), which is sub-leasing the Geolsec phosphate project from Korab Group (as reported to the market on 25 July 2018), has advised Korab that it is working on its own development plans including the permitting for the Geolsec phosphate quarry prior to commencing extraction of the phosphate rock for export. During the quarter Korab started to receive income from the Miner in respect of this project.

BOBRIKOV GOLD AND SILVER PROJECT (UKRAINE)

Korab continues 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. Currently, 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. Korab will advise the market if and when an agreement or agreements have been reached. For the mineral resource statement and the Competent Person statement in respect of the Bobrikovo Project please refer to pages 55 and 56 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019", copy of which is available from the ASX announcement platform and from Korab's website.

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 July 2018), continued the exploration and evaluation of the Mt. Elephant project focusing primarily on its gold and base metals potential. No reportable exploration results (as the term is defined in the



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section 18 of the 2012 JORC code) were generated. GFMC is responsible for covering the costs associated with tenement maintenance and the exploration and evaluation work within the project.

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. On 16 January 2020 Korab advised that a substantive hearing was held in the Wardens Court in regard to this application and that the Warden reserved his decision. Korab further advised that it will update the market regarding the outcome of this application once the decision of the Warden is received.

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

RIGHTS ISSUE

On 16 December 2019, Korab announced a partly underwritten non-renounceable rights issue offer of 1 share for every 3 shares held on record date to raise up to approximately \$1.16 million (before costs and expenses) (Rights Issue, or Offer). On 2 January 2020, Korab announced the extension of the Closing Date for the Rights Issue to 14 January 2020. On 9 January 2020, Korab announced further extension of the Closing Date for the Rights Issue to 21 January 2020. On 16 January 2020, Korab announced further extension of the Closing Date for the Rights Issue to 29 January 2020. On 23 January 2020, Korab announced further extension of the Closing Date for the Rights Issue to 5 February 2020. On 29 January 2020, Korab reported that the Company has decided to withdraw the Rights Issue Offer and the Offer Memorandum in accordance with Section 1, Sub-section 12 of the Offer Memorandum.

PLACEMENT

On 31 January 2020, Korab advised that the Company has resolved to place up to 10,000,000 shares at 1.1 cents each to unrelated exempt investors. Korab advised that funds raised will be used for working capital, progression of Winchester project permitting, and to reduce liabilities. On 10 February 2020 Korab advised that it has completed this placement resolving (as a result of oversubscriptions) to increase the number of placed shares from 10,000,000 shares to 10,793,498 shares at 1.1 cents each. This placement was completed within the existing 15% share placement capacity and no shareholder approval was required. Korab advised that the funds raised will be used for working capital, progression of Winchester project permitting, and to reduce liabilities.

DARWIN OFFICE

The Company put on hold the review of potential suitable office locations in Darwin CBD until the current restrictions on travel have been lifted. Korab plans to open a permanent office in Darwin to expedite the work on permitting and development of the Winchester project.

RETIREMENT OF DIRECTOR

On 27 November 2019, Korab advised of the upcoming retirement of Daniel A. Smetana as a director of the Company. On 2 January 2020, Korab advised that Mr. Smetana has retired as of 1 January 2020.

- END -

By Order of the Board



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International: +61 8 9474 6166

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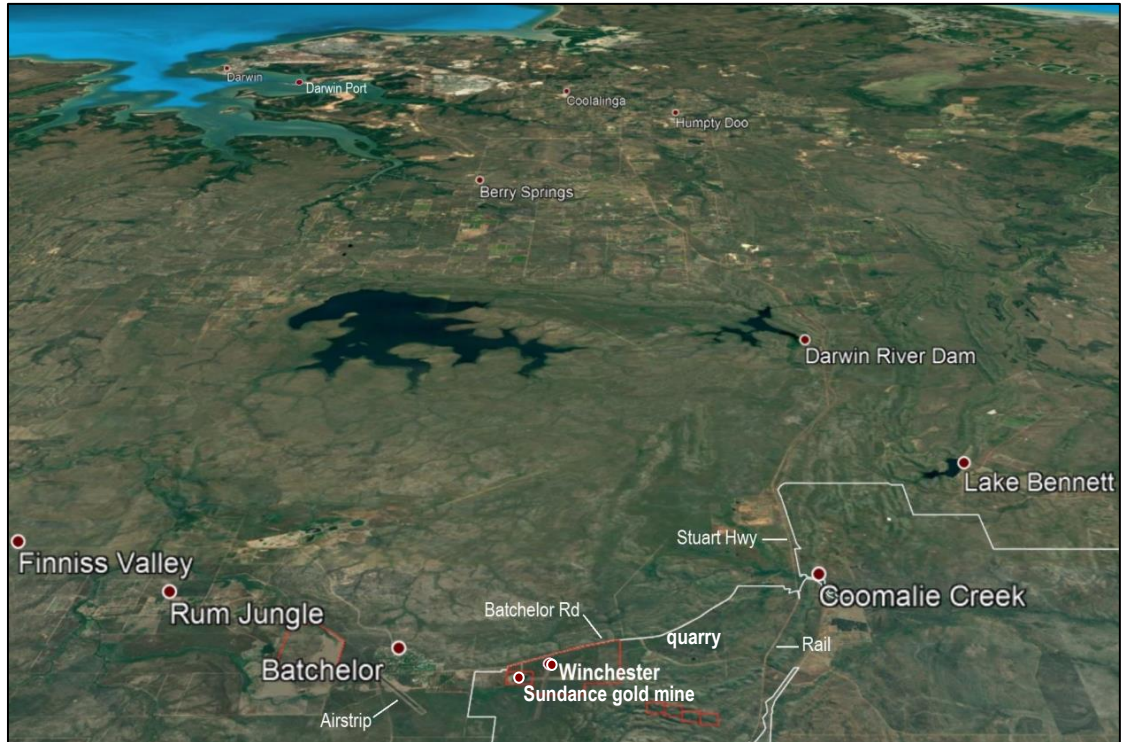


Figure 1 Location of Korab Group's mineral tenements (exploration leases in white and mining leases in red) and Winchester magnesium carbonate project relative to Darwin Port and basic infrastructure

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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% 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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