



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

FPO SHARES

Issued: 153 mln

Market Cap: \$9 mln

ASX: KOR

Last Price: AU\$ 5.9

BERLIN: C6S.BE

Last Price: € 0.04

30 April 2015

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2015

This is a quarterly activities report for the period from 1 January 2015 to 31 March 2015 by Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiaries ("Korab Group").

OPERATIONS – EXPLORATION, EVALUATION AND DEVELOPMENT

Rock Phosphate Geolsec Project (Northern Territory)

During the quarter Korab Group continued marketing of Geolsec phosphate rock through overseas and domestic channels. As a result of this marketing program Korab Group received several new inquiries from potential domestic and overseas buyers and distributors. Korab is actively pursuing discussions with interested parties with the aim of signing distribution and/or sales agreements for Geolsec phosphate rock.

Following the end of the quarter, on 23 April 2015 Korab announced that its subsidiary Geolsec Phosphate Operations Pty Ltd ("Geolsec") has entered into Heads of Agreement ("HoA") with an unrelated party ("Distributor") for the quarrying and distribution of phosphate rock from Geolsec phosphate quarry.

The HoA provides the framework for a more comprehensive definitive agreement to be executed between the parties. Under the general terms Geolsec will remain the owner and operator of the quarry. The Distributor will be responsible for the quarrying and haulage of the phosphate rock at Distributor's cost and risk. Geolsec will receive a royalty per tonne of rock removed from site and the royalty amount will be linked to the grade of the rock. The Distributor will have distribution rights to Northern Territory, Victoria, New South Wales and Queensland with the minimum annual tonnage to be bought by the Distributor. The initial term will be for 3 years with an option to extend it for another 3 years. If the minimum annual tonnage is not bought by the Distributor in any given year, Geolsec will be able to terminate the agreement.

This transaction has a potential to generate up to \$1 million in annual profit for Geolsec over next 12 months based on preliminary agreement reached with the Distributor regarding the annual volumes and pricing. Final rock pricing, royalty level and the annual tonnage are currently being finalised.

Location of the Geolsec project, just south of the port of Darwin and within a short distance to majority of Asian ports gives Geolsec significant advantage over phosphate producers located in Africa and the Middle East when supplying Asian and Australian buyers and distributors. Furthermore, being located next to trans-continental rail-way link and highway connecting Darwin to Queensland, NSW, Victoria and the Ord River agricultural region in WA, Geolsec has excellent access to the main agricultural regions in all Australian states.

The primary target markets for the domestic sales of the direct shipping phosphate rock, ground-up phosphate rock and phosphate rock blends, are organic farmers in Queensland, Victoria, New South Wales, South Australia and WA, plantations and pastoralists around Darwin (NT), and fruit growers in Ord River (WA). The primary target markets for the overseas sales of the direct shipping phosphate rock are Asian distributors and end users.

Geolsec direct application phosphate rock has a potential to provide substantial ongoing benefits to the environment by improving soil fertility and improving nutritional quality of produce grown on fields fertilised with phosphate rock and phosphate rock products. More information about Geolsec's benefits and the benefits of direct application of phosphate rock to soils is available from Korab website at www.korabresources.com.au/geolsec



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Winchester Magnesite Project (Northern Territory)

On 13 January 2015, Korab released the results of the pre-feasibility study into the development of Winchester as a DSO operation. Study results have shown potential for a low-CAPEX (AU\$4 million), long-life mining operation capable of supplying up to 800,000 tonnes of crushed direct shipping magnesite per annum at a cost of AU\$21 per tonne. Current magnesite prices range between US\$80 and US\$140 per tonne. Full text of the report can be accessed through the link below.

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01590863>

On 18 February 2015, Korab announced that its wholly owned subsidiary AusMag Pty Ltd ("AusMag") has executed a binding agreement with Rescap Investments Pty Ltd ("Rescap") for an offtake and marketing rights to 25% of the magnesite to be produced from the Winchester magnesite mine for a period of 7 years. Under the agreement Rescap and its group will also provide operational, technical, managerial and transactional support to Korab and AusMag in relation to Winchester magnesite project. Under this agreement, Rescap will also offer to AusMag funding for the development of Winchester magnesite mine by way of a loan facility on commercial terms and subject to a due diligence.

On 10 March 2015, Korab released the results of the expanded study into Winchester magnesite quarry and its potential earnings, costs, free cashflow, and net present value. This expanded study included the estimates of revenues and various additional material costs such as haulage, port charges, interest, debt repayment, royalties, overheads, etc. and evaluated the economics of Winchester quarry assuming its development as a direct shipping ore (DSO) operation.

Results of the expanded study have shown that the project has very attractive economics combined with ability to potentially generate significant pre-tax earnings over project life starting with the first year of operations. Full text of the report can be accessed through the link below.

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01606646>

This study assessed estimated potential of Winchester project supplying a direct shipping ore crushed on-site to 25mm and screened to separate fines (minus 6mm). No additional processing of magnesite rock is planned. The output from the quarry would consist of crushed magnesite rock with a waste stream consisting of waste rock and fines which would be stored on site. The estimated ratio of coarse saleable magnesite rock to fines was 80%. This study showed that there may be a market for magnesite fines in agriculture and feedstock production; however any potential revenue from sale of fines has not been included in this study.

Deposit is located approximately 85km south of Darwin, capital of the Northern Territory, less than a hundred meters from sealed road, and less than 5km from railway line. The deposit is a shallow, flat laying body covered by up to 5 meters of soil overburden. It can be quarried at a low cost by open cut method.

Winchester magnesite quarry has a potential to bring substantial economic and social benefits. In addition to providing royalty revenue stream for the government, the quarry would also directly benefit Territorians by supporting local businesses and providing jobs.

Whilst there is no legal requirement to utilise local contractors and labour, local businesses and labour would be given preference as long as this would not have negative impact on the viability of the project. The project will aim to utilise local contractors operating on a campaign basis. Other than contractor's staff, there would also be a number of local personnel involved in establishing and operating the quarry.



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Following the end of the quarter, on 22 April 2015 Korab advised that the due diligence review conducted by Rescap and its advisors in respect of the financing for the development of the Winchester magnesite quarry (DD) has not been completed as yet. Korab further advised that the proposed terms for the extension of the DD period have been received by AusMag from ResCap but the these terms have not yet been accepted by AusMag and were being discussed with ResCap. The discussions regarding the extension of the DD have not been completed to date although the DD is continuing. The market will be advised shortly regarding the outcome of these discussions.

Bobrikovo Gold and Silver Project (Ukraine)

There has been little activity at the Bobrikovo project. As previously advised, (29 July 2014) Korab Group finalised terms with respect to the potential sales of ore to unrelated third parties at mine gate for a fixed price per gold contained, with buyers being solely responsible for logistics, transportation and processing. In addition to the above transaction, an arrangement with another party was being negotiated. This arrangement envisaged that the ore would toll-treated and that this third party would be paid through a share of the gold recovered. This party would also be solely responsible for the logistics and the costs of transportation and processing.

The reconstruction of the rail links and other infrastructure in the area has been completed and following the rebuilding of the infrastructure, Korab Group has engaged with various stakeholders to move these transactions forward.

During and following the end of the quarter Korab received inquiries from interest unrelated parties regarding potential investment in Bobrikovo project and/or provision of funding for its development. These discussions are at an early stage but are nevertheless being actively pursued. Korab will advise the market when and if it enters into any material agreement/s regarding Bobrikovo.

Batchelor/Green Alligator Polymetallic Project (Northern Territory)

During the quarter Korab continued to assess the Batchelor project focusing on potential of re-opening of the Sundance gold mine located within this project. The mine is located on two granted mining leases 2 km east of the town of Batchelor but is currently not in operation.

Sundance gold mine previously produced gold from two shallow open pits with ore being hauled to Cosmo project for toll treatment. The head grade of the ore sent for toll treatment was in excess of 10 grams per tonne Au. Cosmo project is located approximately 80km south-east from Sundance mine along Stuart highway.

Sundance gold mine (if reopened as a quarry) could utilise the same contractors, infrastructure and operations management set-up as the Geolsec phosphate quarry which is located just 4 km to the west. This type of operation could potentially generate additional income stream at a low marginal cost with very little additional input from Korab Group. Work on the proposal to reopen the Sundance mine is continuing. Material information will be provided to the market when available.

During the quarter, Korab also continued studies of the data from Korab's field work within Batchelor/Green Alligator project. No material results were generated. Material results will be announced to the market when available. During the prior quarter Korab has received approval for a drilling program of up to 21 RC holes with diamond tails to test polymetallic targets in favourable lithologies. The main commodities of interest are lead and zinc at two targets (White Bomb) and nickel, cobalt and copper at three other targets.

Ashburton Downs Copper and Gold Project (Western Australia)

Exploration and evaluation of the Ashburton Downs project continued during the quarter. No material results were generated. Material results will be announced to the market when available. During the



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quarter, the Company received interest regarding potential joint ventures to explore this project. No agreement has been reached to date with any of the parties.

OPERATIONS – CORPORATE

On 5 March 2015 the Company issued 5,300,000 shares to exempt investors under section 708 of the Corporation Act at \$0.035 per share for general working capital purposes and to retire debt. Following the end of the quarter, the Company issued 2,200,000 shares to exempt investors under section 708 of the Corporation Act at \$0.05 per share for general working capital purposes and to retire debt. The placement included 1,100,000 free attaching unlisted options issued at a rate of one free option for each two shares. The options expire on 30 June 2016 and have an exercise price of 10 cent per share.

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 gold and silver deposit at Bobrikovo in eastern Ukraine, Geolsec phosphate rock deposit and Winchester magnesite deposit at Batchelor in the Northern Territory of Australia. The Company also explores for gold and copper at Ashburton Downs in Western Australia and for polymetallic deposits at Batchelor 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.



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INTERESTS IN MINING TENEMENTS

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	Northern Territory, Australia	100% 100% 100% 100% 100% 100% 100%		
Winchester Project ML30587 (application)	Northern Territory, Australia	100%		
Geolsec Project ML27362	Northern Territory, Australia	100%		
Ashburton Downs Project: E08/2115 E08/2307 E52/2724	Western Australia, Australia	100% 100% 100%		
Bobrikovo Project BKB169 4420381100646545 1589 27304101	Ukraine	100% 100% 100% 100%		
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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