KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

ASX CODES
Shares: KOR
Options: KORO

ISSUED CAPITAL
135 Mln shares
44 Mln options

LAST PRICE
3.8 cents

CAPITALISATION
$5.1 Mln

31 July 2013

ACTIVITY REPORT FOR THE QUARTER ENDING 30 JUNE 2013

KEY POINTS

BOBRIKOVO GOLD AND SILVER PROJECT (3.3 MLN OZ AU AND 16.3 MLN OZ. AG*, 100% KORAB)

- Gold resource at Bobrikovo estimated at 3.3 million ounces*
- Maiden silver resource at Bobrikovo estimated at 16.3 million ounces*
- Significant potential to increase the Bobrikovo resource and grade with additional drilling
- Review of project potential and its development options

MELROSE GOLD PROJECT (0.339 MLN OZ. AU*, 100% KORAB)

- Review of project potential and its development options

ASHBURTON DOWNS PROJECT (100% KORAB)

- Grant of second exploration licence adjoining Northern Star's Ashburton project
- Review of exploration potential

GEOLSEC PHOSPHATE PROJECT (100% KORAB)

- Review of project potential and its development options

WINCHESTER MAGNESITE PROJECT (100% KORAB)

- Discussions re-commenced with domestic parties who have previously expressed interest in the project
- Review of project potential and its development options

CORPORATE

- Share Purchase Plan offer to Korab shareholders closed
- Winchester transaction not proceeding
- Approaches received regarding corporate level and project level transactions

** Please see Appendix A for detailed mineral resource estimates*

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Korab Resources (ASX: KOR; "**Korab**" or "**the Company**") is pleased to provide the following quarterly activities report for the quarter ending 30 June 2013.

OPERATIONS – PROJECTS

BOBRIKOVO GOLD AND SILVER PROJECT – EASTERN UKRAINE (100% KORAB)

On 22 April 2013, the Company announced the exploration target for this project. The aggregate exploration target has been estimated at between 55 Mln tonnes of rock and 91 Mln tonnes of rock at an average grade of between 4.8g/t Au and 5.8g/t Au containing between 7 Mln ounces and 13.9 Mln ounces Au.

Please note that this exploration target is not an estimate of mineral resource and that the potential quantity of rock and its grade is conceptual in nature. Furthermore, please note that there has been insufficient exploration to date within the areas to which this exploration target estimate refers to define a mineral resource and that it is uncertain if further exploration will result in the determination of a mineral resource within these areas.

Following the end of the quarter (16 July 2013) Korab released updated mineral resource estimate for this project. The current mineral resource estimate (according to JORC code 2004 edition) for the project is 105.9 million tonnes at 1.0 g/t Au for 3.3 million ounces of gold using a lower cut-off grade of 0.5 g/t Au. Using a cut-off grade of 1g/t Au, the average grade increases to 1.5 g/t Au for a total 1.69 million ounces of gold contained in 34.8 million tonnes of rock.

The deposit also contains an estimated mineral resource of 16.3 million ounces of silver grading 9.4 g/t Ag at a lower cut-off grade of 5 g/t Ag. The estimate of silver mineral resource is a by-product of the estimation of gold mineral resource. The estimation of silver mineral resource was limited to the volume contained within the gold mineral resource wireframe. No separate wireframing of silver was undertaken. This significant silver resource has the potential to further improve project economics, with silver by-product credits not having been included in previous studies assessing the project's economics.

Gold Resource Above 0.5g/t Au Cut-Off Grade

At 0.5g/t Au Cut-Off	Mass	Au grade	Au_Mass
	'000 Tonnes	g/t	'000 Ounces
Measured	2,317	1.6	121
Indicated	5,194	1.4	229
Inferred	98,404	0.9	2,953
Total	**105,916**	**1.0**	**3,303**

See Appendix A for further information.

Korab remains confident that additional drilling of the Bobrikovo deposit has the potential to significantly increase the mineral resource estimate of the project given the significant exploration target which is separate from the current mineral resource estimate.

The deposit is located in eastern Ukraine, within Nagolny Ridge, a part of a large intra-continental geological structure that extends from southern Europe east to

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Central Asia. This structure hosts several world-class gold mining operations including 170 million ounces Muruntau gold deposit as well as Vysokovoltnoe, and Bakirchic gold deposits. The style of mineralisation at Bobrikovo is similar to 170 million ounces Muruntau deposit in Uzbekistan and to 57 million ounces of gold Sukhoi Log deposit in Russia.

The deposit occurs on the intersection of deep fault zones. Mineralisation is controlled by NW-NNW trending anticline hinge, and occurs as concordant and discordant quartz-carbonate tension veins and stockworks. Mineralised zone is 3 km long and 1 km wide. Exploratory drilling and seismic surveys indicate that mineralised rocks continue to at least 3 km depth. Whole rock geochemistry indicates that the mineralisation is mantle derived.

During the quarter Korab continued the review of the exploration potential and the development options of this project. The Company continued the evaluation of various funding options for the development of the oxide zone of mineralisation extending from surface to 30-40 m depth. As part of this process, the Company engaged in discussions with potential funders, equipment suppliers, and contractors. No agreements have been reached yet with any of these parties. Should these discussions result in agreement/s, the results will be reported to the market.

MELROSE GOLD PROJECT – NEAR LEINSTER IN WESTERN AUSTRALIA (100% KORAB)

The Melrose project is located 70km north east of Leinster in the Eastern Gold Fields of Western Australia, within the Mt. Fisher/Wanganoo greenstone belt (previously called Mt. Fisher/Dingo Range belt). The Melrose project consists of three deposits located in close proximity. Melrose mineral resource estimated in accordance with the JORC Code stands at 0.339 million ounces of gold in 6.5 Mln tonnes grading on average 1.61 g/t Au (see appendix A for detail). The deposits are open at depth and offer potential for additional mineralisation with more drilling.

During the previous quarter, composite samples from the Bungarra deposit (hole DD001) and the Boundary deposit (hole DD005) completed extensive leaching and cyanidation testwork program to ascertain the viability of combined open-cut bulk mining and low-cost heap leaching gold production operation at Melrose.

Test Results at Bungarra (107,000 oz. Au)

90.16% gold recovered after 15 days

94.07% gold recovered after 32 days

Test Results at Boundary (215,000 oz. Au)

70.22% gold recovered after 28 days

76.03% gold recovered after 60 days

Gold mineralisation at 215,000 ounce Boundary deposit commences 10m below surface and includes several high grade sections. Scoping study completed on the Boundary deposit indicates a waste-to-ore ratio of 2.43 to 1 for a bulk mining operation.

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Gold mineralisation at Bungarra deposit commences 15m below surface and includes several high grade sections. Scoping study completed on the Bungarra deposit indicates a waste-to-ore ratio of 4.2 to 1 for a bulk mining operation.

During the quarter Korab continued the review of the development options for this deposit, with the preferred option being a heap leach gold extraction process. Heap leach extraction offers the dual benefit of both a low upfront CAPEX and low ongoing operating costs. The Company has been assessing the permitting requirements, capital costs and the likely operating costs of the heap-leach operation. During and following the end of the quarter, Korab was approached by various parties regarding potential joint venture development, or a sale of this project. No agreement has been reached at this stage with any of these parties. Should the discussions result in an agreement, the results will be reported to the market

During the quarter Korab continued review of the historical drilling data to assess the potential of Melrose project to host nickel mineralisation. This stems from the nickel discovery reported by Rox Resources to the north of the Melrose project within their Mt. Fisher East project which overlays the same Mt. Fisher/ Dingo Range greenstone belt. The results of this review will be reported when available.

ASHBURTON DOWNS COPPER AND GOLD PROJECT – NEAR PARABURDOO IN WESTERN AUSTRALIA (100% KORAB)

The Ashburton Downs project is located 25km south of Paraburdoo on the southern edge of the Pilbara Craton – within Ashburton Fold Belt – in a zone of very high hydrothermal activity and multiple zones of deformation, with multiple geological events leading to depositions and re-mobilisation of minerals. Ashburton Downs project adjoins Ashburton project of Northern Star Minerals and is located directly south of Mt. Olympus gold mine. Following the end of the quarter the Company received grant of the second exploration license located immediately to the south of the Mt. Olympus mine. Ashburton Downs now consists of two granted tenements and an exploration licence application, covering an area in excess of 380km^2.

In addition to significant potential to host gold mineralisation, Ashburton Downs contains several copper anomalies. The setting and the mineralisation style of the copper anomalies bears close similarity with those of the Zambian copper belt where similar rock types host the copper mineralisation. The Company believes it is highly likely that these anomalies, which cover an extensive area, form part of a large mineralised structure. The extent of the copper mineralisation can only be determined following extensive drilling campaign, however the initial, early stage exploration results highlight the potential for the project to be one of Australia's more exciting copper prospects.

Results of work completed to date show widespread copper and gold mineralisation, both in discrete, very high grade samples, and over large bulk samples from trenches, costeans and grab pits. Korab supplemented the review of historical data with a number of site visits and field surveys to verify aspects of the historical data. Significant results include:

- Copper assays in rock chip samples at the Mount Elephant anomaly grading up to 45% with multiple assays grading between 2% and 19%;

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- Rock chip samples delivering copper values of over 20% and gold grades of over 10g/t at the North Mount Elephant anomaly;
- A significant structure covering an area of circa two square kilometres with some 970,000 square meters of visible copper mineralisation, including 300,000 square meters of cuprous outcrop at the Green Elephant – Green Kangaroo. Multiple assays over 5%, four trenches of over 10m length each averaging greater than 5% copper; and multiple trenches grading between 3% and 5%

North Elephant Anomaly

The North Mt Elephant anomaly is approximately 1km long and ranges up to 30m wide, trending in a WNW direction. Further narrow outcrops can be followed for another 1km along strike to the west. The mineralisation has developed on a strike fault between sandstone and siltstone. Within the mineralised zone, the mineralisation has developed in quartz – sulphide stockwork with the highest grades probably in shoots. Within the main developed zone, copper values can be extreme (20%+), gold has been recorded greater than 10g/t, along with anomalous antimony, bismuth and arsenic. Previous exploration has been directed towards exploration of the central gossan, however geochemical anomalies suggest that the mineralisation is far more extensive and is obscured by the surrounding shallow soil cover.

Green Elephant and Green Kangaroo Anomalies

These anomalies were originally delineated as two separate outcrops of malachite stained gossan. Field mapping has shown that they form part of the same copper zone comprising approximately 1,000,000 square meters of copper mineralisation with an additional 1,000,000 square meters of intense associated alteration. This gives a total area of the anomaly of about two square kilometres (2,000,000 square meters) with some 970,000 square meters of copper staining including 300,000 square meters of cuprous outcrop. Further outcrops occur to the south east along strike. The major rock type is sericitic sandstone, which has been intensely intersected by quartz veins in a stockwork which are also associated with sulphide mineralisation.

Copper occurs on the surface as malachite, chrysocola and cuprite. Associated with these minerals is martite – iron oxide derived from pyrite and maintaining the pyrites original crystal shape.

This mineralisation has developed in a favourable structural location in that:

1. It occurs on or near the contact between the Ashburton and Capricorn sedimentary formations.
2. It occurs on a prominent NNE trending fault zone intruded by quartz which in places is up to 20m thick. On this same fault gold mineralisation has been discovered at the Mt Olympus mine within Ashburton project owned by Northern Star Minerals 20km to the NNE.
3. It occurs on a prominent WNW trending shear fault zone. This broad zone has a strike length of about 200km and contains some twenty separate mineralised zones.

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The fact that all sandstone in the project area at this stratigraphic level contains disseminated copper sulphides demonstrates origin similar to Zambian copper belt and other similar deposits. Undoubtedly, at the Green Elephant and Green Kangaroo gossans this is the primary source of copper. The presence of large gossans which have been derived from massive sulphides suggests a remobilisation into zones of tension within the sandstone. Such tension zones have formed as shear links structures associated with local strike faults.

The Green Elephant occurs stratigraphically in the same location as East Elephant but some 6km to the south on the same NNE trending fault and on a parallel WNW fault. The same WNW fault also includes the mineralisation at North Elephant. It is highly possible that North Elephant, East Elephant and Green Elephant form part of the same mineralised zone extending over a large area. Clearly, the extent of the mineralisation can only be determined following extensive drilling.

East Elephant Anomaly

The East Elephant anomaly contains anomalous gold, silver, arsenic, silicon, copper, lead and zinc in a zone north of Mt Elephant. Work completed to date shows that East Elephant is the same style of mineralisation as the Green Elephant anomaly. The major mineralised unit is the sandstone, which occurs at the same horizon as at Green Elephant. Although the anomaly at the East Elephant is of a large lateral extent, it fails to outcrop, which has reduced exploration activity. Notwithstanding the poor outcrop, the inference from work completed to date suggests that the East Elephant anomaly is a major target.

GEOLSEC PHOSPHATE PROJECT - PART OF BATCHELOR PROJECT NEAR DARWIN IN THE NORTHERN TERRITORY (100% KORAB)

During the quarter Korab has been reviewing the exploration potential and the development options for this project. The Company also has been in discussions with various parties who approached Korab with the aim of either acquiring the project or developing it jointly with Korab. The parties are currently reviewing the technical data for the project. Geolsec phosphate project is located near the town of Batchelor about 80 km south of Darwin and offers some of the best logistics and infrastructure of any phosphate project in Australia. The discussions are at an early stage and the market will be advised accordingly as we progress them further. No agreement has been reached yet with any of these parties. Should these discussions result in an agreement, the results will be reported to the market.

WINCHESTER MAGNESITE PROJECT – PART OF BATCHELOR PROJECT NEAR DARWIN IN THE NORTHERN TERRITORY (100% KORAB)

Following the receipt of advice from Augur that they no longer want to proceed with the purchase of the Winchester magnesite project, Korab has put the project back on the market and has re-commenced discussion with domestic parties who have previously expressed interest in either buying the project, or forming a joint venture to develop the project as a supplier of magnesium oxide based building products. Given Korab's preference to concentrate on its gold and copper assets, the preferred option for the Company is a sale of the project. These discussions are at an early stage and more information regarding the progress of these discussions will be provided to the market when available. To assist in this

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process the Company commenced a review of the project's potential to supply magnesium oxide panels and other building products.

Winchester magnesite deposit is characterised by some of the best logistics of any magnesite project in Australia with close proximity to all major infrastructure, including gas pipeline, high voltage power, potable water, rail and major highway. It is located less than 80 km from the port of Darwin and is connected to the port by rail and sealed road network.

The current mineral resource at Winchester estimated in accordance with JORC Code (2004 edition) consists of an indicated resource of 12.2Mt at 43.1% MgO and an inferred resource of 4.4Mt at 43.6% MgO.

Magnesite is primarily used in production of magnesium oxide which is used in fabrication of building panels similar to gyprock but significantly stronger and lighter than gypsum based products. Magnesium oxide panels are also fire and water resistant which has led to them being rapidly adopted for use in residential and commercial construction, especially in Asia and in US.

The main uses for compounds based on magnesium oxide are in structural applications, internal and external finishes, decorative applications and furniture. Magnesium oxide board has a density around 0.8-1.1g/cm3 which makes it very easy to transport and install. It has intensity of impact resistance 2-3 times greater than gypsum board and is about 10 times stronger than gyprock. Magnesium oxide panels are flexible, fireproof, weatherproof and breathable. They remain flameless at 1,200 degrees (non-flammability: GB8624 grade A) which makes them ideal for bushfire prone areas. They also resist deformation in wet, and dry, hot and cold conditions.

Another significant market for magnesite is in production of magnesium metal which is extensively used in car making and in defence related industries. Magnesium is the lightest of all metals used as the basis for constructional alloys. It is 33% lighter than aluminium and 75% lighter than steel.

More information regarding the magnesium sector with the specific focus on magnesium oxide building products and magnesium metal alloys may be obtained from Korab's website.

OPERATIONS – CORPORATE

On 3 April 2013 Korab reported that it has agreed to extend the term for the Winchester transaction to 31 May 2013 to enable completion of conditions precedent, including completion of due diligence inquiries by the parties.

On 19 April 2013 Korab announced that the SPP offer has been extended by 5 business days. On 30 April 2013 Korab reported that the SPP offer closed on 29 April 2013 with a shortfall of 25.7 million shares.

On 31 May 2013 Korab announced that it received notice from Augur Investments Ou (Augur) advising that they will not be proceeding with the sale and purchase of Winchester.

During and following the end of the quarter, Korab has been approached by a number of groups that have expressed interest in pursuing either a corporate or project level transactions. Korab is considering these proposals as part of a

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broader review being undertaken by the Company aimed at optimising the value realised from the Company's portfolio of mineral assets.

WORKING CAPITAL

The Company is cognisant of the impact of the current market conditions on availability of funding and has taken steps to temporarily reduce expenditure on exploration and development and has also made further cuts to administration costs. To this end, the Company has suspended all payments of non-executive directors' fees and reduced payments of management fees by 25% with the unpaid amounts accruing until conditions improve. This will help to ensure that our outlays are in line with our ability to fund them.

REVIEW OF ENERGY ASSETS

During the quarter Korab continued the review a range of energy assets including metallurgical coal, anthracite grade coal, gas and oil. However, given Korab's preference to concentrate on its gold and copper assets, the Company is unlikely to enter into transaction/s regarding these energy assets.

-ENDS-

FOR FURTHER INFORMATION, CONTACT:

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APPENDIX A

Bobrikovo Mineral Resource Statement at Various Cut-Off Grades

CURRENT GOLD MINERAL RESOURCE ESTIMATE AT BOBRIKOVO PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

At 0.5g/t Au Cut-Off	Mass	Au grade	Au_Mass
	'000 Tonnes	g/t	'000 Ounces
Measured	2,317	1.6	121
Indicated	5,194	1.4	229
Inferred	98,404	0.9	2,953
Total	**105,916**	**1.0**	**3,303**

Totals may differ due to rounding

CURRENT GOLD MINERAL RESOURCE ESTIMATE AT BOBRIKOVO PROJECT (ABOVE 1 G/T AU CUT-OFF GRADE)

At 1.0g/t Au Cut-Off	Mass	Au grade	Au_Mass
	'000 Tonnes	g/t	'000 Ounces
Measured	1,331	2.3	98
Indicated	2,955	1.8	175
Inferred	30,499	1.5	1,419
Total	**34,784**	**1.5**	**1,692**

Totals may differ due to rounding

CURRENT SILVER MINERAL RESOURCE ESTIMATE AT BOBRIKOVO PROJECT (ABOVE 5 G/T AG CUT-OFF GRADE)

At 5g/t Ag Cut-Off	Mass	Ag grade	Ag_Mass
	'000 Tonnes	g/t	'000 Ounces
Measured	2,090	14.0	937
Indicated	5,529	13.9	2,467
Inferred	46,533	8.6	12,869
Total	**54,152**	**9.4**	**16,274**

Totals may differ due to rounding

CURRENT SILVER MINERAL RESOURCE ESTIMATE AT BOBRIKOVO PROJECT (ABOVE 10 G/T AG CUT-OFF GRADE)

At 10g/t Ag Cut-Off	Mass	Ag grade	Ag_Mass
	'000 Tonnes	g/t	'000 Ounces
Measured	1,117	19.8	710
Indicated	3,158	18.8	1,904
Inferred	11,043	13.9	4,931
Total	**15,318**	**15.3**	**7,544**

Totals may differ due to rounding

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CURRENT GOLD MINERAL RESOURCE ESTIMATE AT MELROSE PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

Category	Tonnes	Grade g/t Au	Gold Ounces
Measured			
Boundary	652,154	1.73	36,262
Indicated			
Boundary	2,662,763	1.73	148,506
Inferred			
Boundary	703,209	1.36	30,822
Bungarra	2,144,332	1.56	107,385
Stirling	404,000	1.31	17,000
Total Resource	6,566,458	1.61	339,975

Competent Person: *The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Andrew Hawker, who is a principal geological consultant for HGS Australia Exploration Services and is a member of The Australasian Institute of Mining and Metallurgy. Andrew Hawker has in excess of 5 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andrew Hawker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Korab Projects' Locations