



KORAB RESOURCES LIMITED

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www.korab.com.au

Friday, 31 January 2014

QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2013

KEY POINTS

- SALE OF MELROSE AND DARLOT EAST PROJECTS
- DRILLING PROGRAM AT BOBRIKOV GOLD AND SILVER PROJECT
- DISCUSSIONS WITH POTENTIAL PROVIDERS OF FINANCING FOR THE CONSTRUCTION OF THE MILL AND THE PROCESSING PLANT AT BOBRIKOV PROJECT
- SELECTION OF EPCM CONTACTOR FOR THE MILL AND THE PROCESSING PLANT AT BOBRIKOV PROJECT
- PERMIT FOR MINING OF PHOSPHATE ROCK AT GEOLSEC PROJECT
- EXPLORATION PROGRAMS AT BATCHELOR PROJECT AND ASHBURTON DOWNS PROJECT

OPERATION – CORPORATE

On 11 October 2013) Korab announced that the Company and its wholly owned subsidiary Melrose Gold Mines Pty Ltd (MGM) had entered into a Heads of Agreement (HoA) with an unrelated Australian mining company for the sale of all mining leases, prospecting licences, miscellaneous licences, rights to mine and all privileges appurtenant to the tenements, including mining information and contracts, comprising the Melrose and the Darlot East projects held by MGM (Assets) for a \$1.5 million cash consideration. The transaction was completed following the end of the quarter and remaining cash consideration was received from the buyers received (announced to the market on 13 January 2014).

During the quarter, the Company undertook a private placement to exempt investors where it issued a total of 7,300,001 fully paid ordinary shares raising a total of \$219,000.

During the quarter, the Company made changes to its board composition. Daniel Smetana joined Korab as non-executive director. Mr Smetana has been Chairman of ASX listed Joyce Corporation Ltd since 1984. He is a past President of the Industrial Foundation for Accident Prevention and remains a Director. He is a Director of St John of God Foundation and Chairman of the St John of God Comprehensive Cancer Centre Fundraising Committee.

His past board memberships include: Deputy Chairman Western Power Corporation and Chairman of its Finance Committee until 2003, Chairman and National Councillor of the Defence Reserves Support Council - WA (1997 - 2006), Director of WA Symphony Orchestra until 2003, Vice President and Councillor of the WA Federation of Police and Community Youth Centres (Inc.), Deputy Chairman of Youth Focus Inc (1998 - 2007).

His awards include the 2003 Centenary Medal for Service to Commerce and the Community, the 2007 Ian Chisholm Award for Distinguished Service to Occupational Health & Safety and the 1998 WA Business Executive of the Year award. Mr Smetana, Dip Comm, is a Fellow of CPA Australia, a Fellow of Australian Institute of Management and a Fellow of Australian Institute of Company Directors.

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ISSUED CAPITAL
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20 PROWSE STREET, WEST PERTH, WA, 6005, AUSTRALIA
PO BOX 1958, WEST PERTH, WA, 6872, AUSTRALIA
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Also during the quarter, John McKenzie retired to concentrate on his other business interests. Mr. McKenzie served as Korab's non-executive director since February 2009 and during his tenure contributed to many areas of Korab Group's operations, including development of our corporate strategy. The board of the Company expresses deep gratitude to Mr. McKenzie for his years of service and for his help, guidance, support and assistance which he provided to the Company over this period.

OPERATIONS – EXPLORATION AND EVALUATION

During the quarter, the Company continued work on the exploration and evaluation of its mineral assets in Ukraine and in Australia.

Bobrikovo Gold and Silver Project (Ukraine)

During the quarter, management continued discussions with potential providers of financing for the Stage 1 development of the Bobrikovo project. Stage 1 development will include construction of the 200,000-240,000tpa mill and processing plant, all associated infrastructure and the development of the oxidised section of Bobrikovo deposit. Also during the quarter, the management acting in conjunction with these potential financiers commenced the selection process of a suitable provider who will undertake the building of the mill, processing plant and all associated infrastructure on an EPCM basis (engineering, procurement, construction and management).

During the quarter, drilling contractors commenced diamond drilling program at the Bobrikovo deposit. The drilling program is targeting potential extensions of near-surface high-grade gold and silver mineralisation discovered in historical drilling details of which were released to ASX on 4 February 2013. This program is continuing with intermittent breaks (as weather necessitates) with two rigs capable of drilling large diameter diamond holes. While the drilling program is under way, drill cores are being logged and cut prior to being submitted to the lab for assay testing.

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

Geolsec Rock Phosphate Project (Northern Territory)

During the quarter, the Company continued the work on obtaining permits required for the development of a rock phosphate mine at the Geolsec project. The permit to quarry the rock phosphate and to build the mine was received from the Department of Mines and Energy following the end of the quarter as announced to the market on 30 January 2014.

During and following the end of the quarter the Company continued discussion with contractors providing aerial application services, distributors and end users of fertilisers and soil supplements in the Northern Territory, Western Australia and other states with the aim of forming a distribution network and commencing phosphate rock production.

Geolsec deposit is located approximately 3km west of the town of Batchelor and approximately 70km from Darwin. The project is accessible by sealed road all year round and is located near major highway, rail, high-voltage power and gas pipeline giving it the best logistics of any phosphate rock project in Australia. The deposit outcrops on a hill with no pre-strip required. Korab plans to utilise for the quarrying of the Geolsec phosphate rock leased Vermeer continuous miner which can crush the phosphate in situ. The crushed phosphate can then be loaded using front-end loader or excavator

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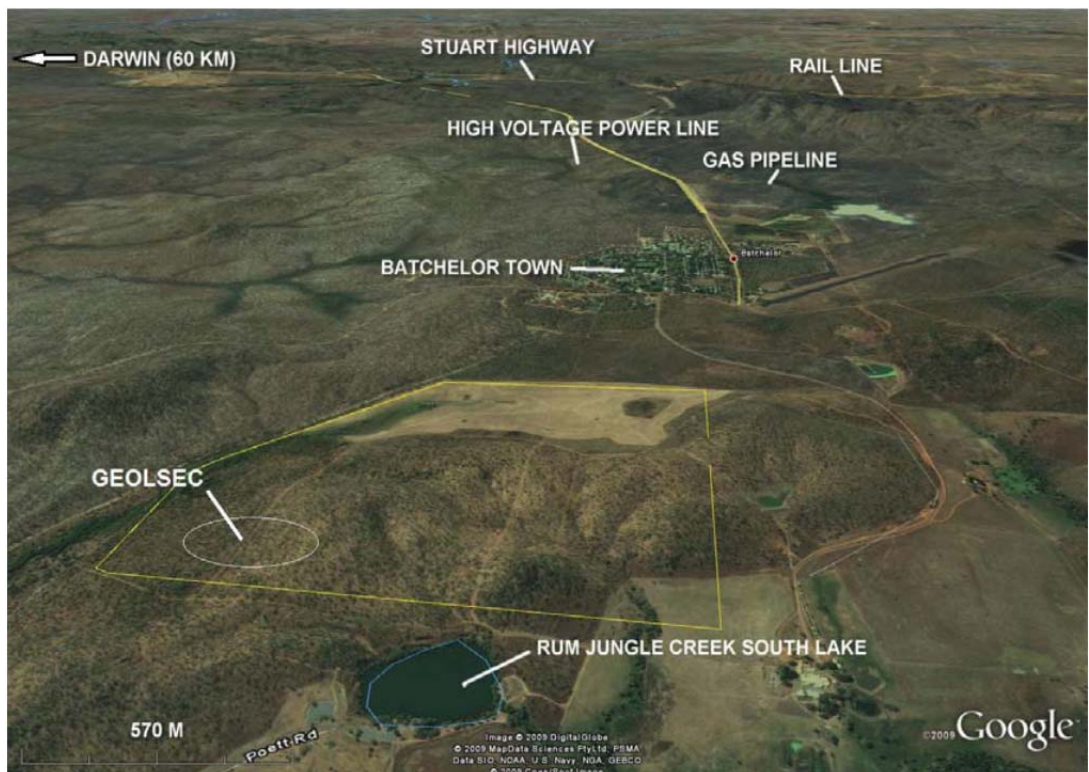
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onto trucks or into containers for transport to the depot in Darwin. The product will then be ground-up and bagged by contractors for distribution. It is planned that in addition to pure phosphate rock, several blends of phosphate and additional organic material will be offered. The primary target markets for the sales of the ground-up phosphate rock and phosphate rock blends are mango growers in Pine Creek (NT), pastoralists around Darwin (NT), mango growers in Ord River (WA), as well as organic farmers in SA, Eastern States and WA. Geolsec will also be marketed to Asian distributors and end users.

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



Geolsec's location near Batchelor. Deposit is close to a highway, rail, water, gas, and power. This makes the Geolsec arguably the best located rock phosphate project in Australia.

Batchelor Polymetallic Project (Northern Territory)

The drilling program at Batchelor planned for the December 2013 quarter has been postponed to the dry season of 2014. This drilling program will be targeting electromagnetic and geochemical anomalies in favourable lithologies comprising Proterozoic ultramafic and basic volcanic units. Previous RC and diamond drilling completed by Korab within these units discovered low grade nickel, copper and cobalt mineralisation over wide intercepts.

Ashburton Downs Copper and Gold Project (Western Australia)

Exploration and evaluation of the Ashburton Downs project continued during the quarter. Results will be announced to the market when available (if material). During the quarter, the Company received number of approaches from various parties wishing to assess the project with a view to establishing

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joint venture/s to explore this project. No agreement has been reached to date with any of these parties.

CONTACT:

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

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.

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.

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