



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

31 October 2022

Issued Capital

Issued Shares: 367 Mln
Last Price: 3.0 cents
Capitalisation: \$11 Mln

Listing Code

ASX: KOR

Directors

Andrej K. Karpinski
Executive Chairman
Executive Director

Rodney H. Skeet
Non-executive Director
(Independent)

Anthony G. Wills
Non-executive Director
(Independent)

Projects

Winchester
(Rum Jungle, NT)
Magnesium

Sundance
(Rum Jungle, NT)
Gold, Silver, Tin

Batchelor & G. Alligator
(Rum Jungle, NT)
Gold, Silver, Zinc, Lead, Nickel,
Copper, Cobalt, Tin, Scandium,
Lithium, Manganese, Uranium

Geolsec
(Rum Jungle, NT)
Phosphate
Rare Earth Oxides
Uranium
(Sub-leased to third party)

Mt. Elephant
(Ashburton, WA)
Gold, Copper

Bobrikovo
(Luhansk, UKRAINE)
Gold, Silver, Zinc, Lead,
Antimony

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2022

This is quarterly activities report for the period from 1 July 2022 to 30 September 2022 (“Report”) 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 Deposit to production.

During the quarter, on 12 September 2022 Korab announced that it has commenced review of the lithium potential of the Batchelor/Green Alligator Project due to the Project’s proximity to lithium-rich granites, Project’s proximity to Finnis Lithium Project and Litchfield Lithium Project, Project’s favourable geology similar to the geology of the projects held in the area by Core Lithium (ASX: CXO), Ragusa Minerals (ASX: RAS), and Lithium Plus Minerals (ASX: LPM), and the recent lithium discoveries reported by these companies. At the same time, the Company commenced review of the Rare Earth Oxides (REO) potential of the Batchelor/Green Alligator Project due to the Project’s proximity to REO-rich granites (as reported by the Northern Territory Geological Survey (NTGS)) and a favourable geology. Results of the lithium and REO review of the Batchelor/Green Alligator Project will be reported progressively as they become available with initial results expected to be reported shortly.

Also, during the quarter, the Company continued a scoping study into production of magnesium metal using alternative technology which does not use gas, ferrosilicon, aluminium, and grid electricity. During the quarter Korab also commenced updates of previously reported pre-feasibility studies.

WINCHESTER MAGNESIUM PROJECT (RUM JUNGLE MINERAL FIELD, NT)

SCOPING STUDY AND UPDATE OF PRE-FEASIBILITY STUDIES

During and following end of the quarter Korab continued a scoping study which is evaluating economics of an environmentally friendly production method to produce sustainable, “zero-carbon”, “green” magnesium metal together with several additional sellable “bonus” products.

The production method being evaluated as part of this second scoping study does not utilise aluminium and ferrosilicon but instead relies on the more modern technologies developed in recent years. As part of this scoping study, the Company is assessing the use of two solar farms (Figure 14) adjacent to the Winchester Project (Batchelor 1, and Batchelor 2) that have a combined capacity of 22MW-24MW to supply electric power to the Project (crushers, screens, sorters and process plant).

The cost of solar power is significantly lower than the grid electricity. Furthermore, grid electricity, ferrosilicon and aluminium contribute significantly to the cost of production forming approximately 70% of the cost base.

Consequently, a method which dispenses with ferrosilicon and aluminium and allows the use of solar power instead of grid electricity has a potential to reduce the production cost of magnesium metal.

The work on this study assessing the economics of producing “zero-carbon”, “green” magnesium metal using the alternative method is continuing. Results of the study are expected to be available for release to the market later in 2022.

During the prior quarter, on 9 March 2022, Korab reported in a report titled “Winchester Magnesium Scoping Study” the results of a scoping study which assessed the economics of a tested and proven



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magnesium production method relying on electric arc furnace which uses as feed magnesium oxide, aluminium, and ferrosilicon to produce magnesium metal (the Study). The Study has shown that the Winchester Project is capable of producing 50,000 tonnes of magnesium metal per year for 14 years at a cost of between A\$5,300 and A\$5,400 per tonne. For the composition of the production cost components by input category see Figure 13. The Company confirms that all the material assumptions underpinning the production target and other scoping study results initially reported to the public on 9 March 2022 continue to apply and have not materially changed. The Company further confirms that all the material assumptions underpinning the forecast financial information derived from a production target in the initial public report released on 9 March 2022 continue to apply and have not materially changed.

The "Winchester Magnesium Scoping Study" report can be downloaded directly from the ASX website by either following the link below or by cutting and pasting this link into your browser:

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02497261-6A1080972?access_token=83ff96335c2d45a094df02a206a39ff4

During the quarter, Korab Group commenced an update of the previously reported pre-feasibility studies:

1. The pre-feasibility study into the production and sales of DSO magnesium carbonate rock (magnesite) from Winchester quarry, which was originally reported to the market on 21 March 2018;
2. The pre-feasibility study into the processing and sales of magnesium oxides (Caustic Calcined Magnesia and Dead Burned Magnesia), which was originally reported to the market on 12 September 2018; and
3. The pre-feasibility study into the sales of waste products from Winchester, which was originally reported to the market on 5 April 2019.

These updated pre-feasibility studies will form the basis for the selection of the general development strategy for the Winchester Magnesium Project.

One of the scenarios being evaluated for the Winchester development is a 3-stage development of Winchester, where:

- Stage 1 Korab Group would initially develop quarrying and sales of magnesium carbonate DSO product;
- Stage 2 After the Winchester magnesium carbonate (magnesite) quarry became fully operational and a sufficient amount of suitable raw material was stockpiled, Korab Group would expand Winchester into production of various magnesium oxides (Dead Burned Magnesia, and Caustic Calcined Magnesia) using kilns owned and operated by third parties on a toll-treatment basis;
- Stage 3 Finally, after implementation of Stage 1 and Stage 2, and subject to future:
 1. Financial position of Korab Group;
 2. Funding sources available to the Company;
 3. Legislative framework (including any new legislation relating to climate change and/or emissions reduction goals); and
 4. Market conditions;

Korab Group would proceed to construct own kilns and other facilities to enable in-house production of magnesium oxides and magnesium metal.



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Korab continued to progress these updates during and following the end of the quarter. Results of these updates are expected to be available for release to the market in early 2023.

DISCUSSIONS REGARDING POTENTIAL JOINT VENTURES, OFFTAKES, AND FUNDING

During the prior quarter, on 2 May 2022, Korab Group received a Letter of Intent (LOI) from Speira GmbH (Speira) regarding supply of magnesium metal from the Winchester Magnesium Project to Speira.

Speira is a leading global manufacturer of advanced rolled aluminium/magnesium products, producing approximately one million tonnes of aluminium alloys per year. Speira supplies some of the best-known global companies in the automotive, packaging, printing, engineering, building and construction industries.

Speira's production base, with locations across Germany and Norway, includes JV Alunorf, the world's largest plant for casting and rolling of aluminium, and Grevenbroich, the world's largest rolled aluminium finishing mill. Speira employs around 5,000 people mainly in Germany and Norway. Speira closely collaborates with their value chain partners to better understand and improve the lifecycle effects of their aluminium products. The LOI confirmed Speira's interest (on a non-binding basis) in negotiating the procurement of various magnesium products to be used in production of aluminium/magnesium alloys subject to:

1. Korab Group commencing production of primary magnesium metal from Winchester Project;
2. Korab Group meeting Speira's quality and sustainability standards; and
3. Speira and Korab agreeing the commercial terms.

The LOI acknowledged Speira's appreciation of Korab's efforts to develop the Winchester Magnesium Project as a sustainable primary magnesium source to the market and Korab's approach to build a business model integrating the most innovative production technologies, recycling, and renewable electricity generation.

Discussions with Speira are incomplete and confidential. No commercial terms have been agreed between the parties and there can be no certainty that an agreement can be reached. Accordingly, no investment decision should be made on the basis of this information.

During the prior quarters, Korab Group has been approached by unrelated parties with an unsolicited proposal to enter into an agreement to jointly develop the Winchester quarry where the other party will fully fund the development in exchange for sharing the future profits from the quarry. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information.

During the quarter Korab received unsolicited approaches from two separate Japanese conglomerates regarding potential supply of DSO magnesium carbonate rock from Winchester project. The Company is actively engaged in negotiations and discussions with the interested potential buyers but thus far no commercial terms have been agreed between Korab and these parties. There can be no certainty that any agreement or agreements can be reached with either of these parties or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. During and following the quarter Korab also continued discussions with other potential buyers of magnesium carbonate rock (DSO) and of various magnesium oxides.

During the quarter, Korab continued discussions with various magnesium metal users and magnesium buyers, including aluminium/magnesium alloy producers supplying all major car makers (including Fiat and Daimler) regarding potential supply of magnesium metal from Winchester. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment



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decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.

Prior to the Australian federal election which was held in May 2022, federal government established the \$2 billion Critical Minerals Facility (which is managed by Export Finance Australia) to finance production of magnesium metal (among other critical minerals). The federal government also announced reforms to the Northern Australia Infrastructure Facility (NAIF) to enable provision of finance to projects like Winchester Magnesium Project and to provide additional funding of \$2 billion to NAIF to finance projects located in northern Australia.

Following the federal election and the change of government, the new government has reduced funding to some of the old programs, redirecting funding to other program, and also proposing to establish new programs (as widely reported in the media). The government is also continuing its review of the parameters and mandates of various existing programs that are of interest to Korab. As of the date of this report, it is uncertain how the above changes and reviews will impact on the availability of government funding for the development of the Winchester Magnesium Project. Any announcements regarding the possible impact of potential changes to the federal government programs, facilities, and initiatives on the availability of funding for the development of the Winchester Magnesium Project would be premature and speculative. Korab continues to engage with various government agencies.

PERMITTING

During the quarter, Korab Group continued to work on the MMP for the Winchester quarry with the aim of completing it as soon as possible. The work on the Mine Management Plan for the Winchester magnesite quarry has continued through the quarter and is progressing well.

This MMP for quarrying is still being worked on in parallel with work on other matters, projects, and initiatives covered in this report. There is still a considerable amount of work to be completed before this MMP can be submitted to NT DPIR. As a result of this, Korab Group is not in a position at this point in time to provide temporal guidance regarding the anticipated timing of the completion and the lodgment of this MMP. Korab Group will advise the market once the MMP for the Winchester quarry has been completed and lodged.

The process of MMP preparations is complex and in addition to the design of the start-up quarry, requires addressing issues relating to potential future expansion of the Project into calcination and production of magnesium metal and its related logistics and infrastructure. In essence, the mine, site infrastructure, and plant layout would be very simple and rudimentary if Winchester Project was to be operated as a direct shipping ore (DSO) quarry which does not require any on-site mineral processing (other than crushing, screening, and sorting).

The mine, mining schedule, site infrastructure, and plant layout would be quite different and much more complex if Winchester Project was expanded to include a kiln and a smelter based on the original, tested and proven production method to be operated as a magnesium metal producer. For the Winchester Magnesium Project layout based on the original tested technology see Figure 10. The layout would be even more complex if the alternative production method was to be used.

The MMP, which we are working on, should allow for this potential expansion to be accomplished with a minimum disruption to the ongoing DSO quarry operation and without the necessity to relocate the mine infrastructure including the pit access ramps, ROM pads, stockpiles, waste dumps, internal roads, plant site, etc. MMP development also includes “quarantining” of certain zones of the Project area to ensure that the infrastructure does not end up “sitting” on top of the potential valuable mineral resource.

ABOUT WINCHESTER MAGNESIUM CARBONATE PROJECT

The proposed Winchester magnesium mine is located 2 km from the regional centre of Batchelor some 70km south of Darwin along Stuart Highway. Please refer to Figure 6 for details of the location of the



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proposed Winchester Magnesium Plant, and Korab Group's various mineral tenements in the area. Winchester Magnesium Deposit is covered by 3-6 meters of overburden consisting of loose clay and gravel. Massive magnesite mineralisation of high-grade magnesite commences immediately below the overburden (Figure 8 and Figure 9). For the mineral resource statement and the Competent Person statement in respect of the Winchester Project please refer to page 59 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022", copy of which is available from the ASX announcement platform and from Korab's website.

Magnesite rock (after it has been converted to magnesium oxide) is primarily used in the making of refractory linings necessary for the production of steel, cement, and glass. Other main uses of magnesium oxides and other magnesium compounds are in production of magnesium metal which is then used in production of aluminium/magnesium high-strength light-weight alloys used in car making (especially electric vehicles), aerospace, and packaging. Other uses are in green hydrogen production, rechargeable and single-use magnesium-ion batteries, nickel and cobalt metallurgy, water purification, cattle feed, and direct nuclear-to-electric energy conversion technologies.

China plans to increase the use of magnesium metal in cars from 8.5Kg/car to 45Kg/car in the near term. Between 2000 and 2021, China's control over global magnesium production increased from 12% of the global supply to 87% of global magnesium supply, creating an effective international monopoly on a 1.2 million tonnes per annum market. The situation is even more dramatic in Europe where China supplies over 95% of magnesium metal. Recent cuts to production of magnesium and its exports by Chinese government resulted in the magnesium metal price increasing from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in early September 2021, and \$15,000 per tonne in October 2021. During the 2022 (January 2022 to July 2022) magnesium price has traded in the range between \$5,100 and \$11,000 per tonne.

Global magnesium supply risks are compounded by the fact that less than 9% of global primary magnesium comes from countries with low political risk. As illustrated by Figure 1, over 90% of annual global magnesium production comes out of China, Russia, Kazakhstan, Ukraine, and Iran.

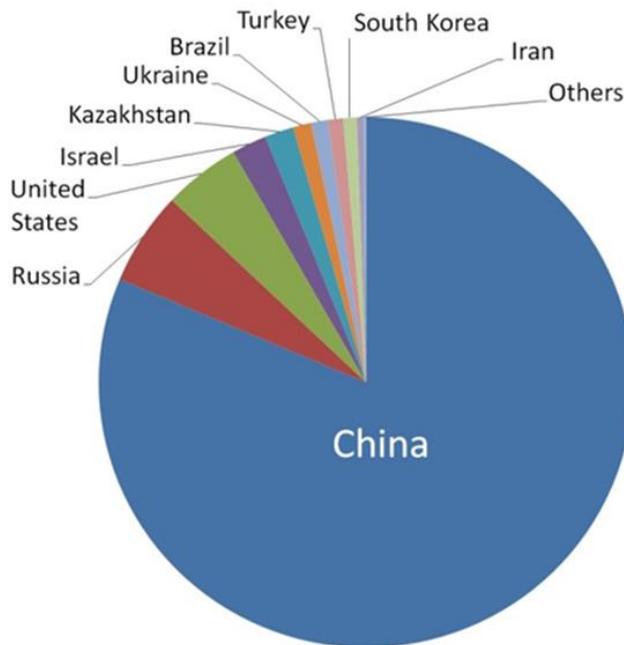


Figure 1 Global primary magnesium production share by country (2020)

Winchester Project waited for development for 2 decades primarily because of low magnesium prices prevailing between 2000 and 2020 (between \$1,300/t and \$2,000/t) and low magnesium oxide prices



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(CCM and DBM) during this period. These depressed prices were caused by rapid growth in Chinese production capacity of both magnesium metal and magnesium oxides, with supply growth outstripping the growth in demand. This has made the development of Winchester not feasible until few years ago when prices of magnesite and magnesium oxides markedly improved. Over the recent years, an increasing number of car makers moved to using aluminium/magnesium alloys instead of steel to reduce their vehicles' weight and magnesium demand growth started outstripping supply growth.

DRILLING CAMPAIGN

Korab plans to undertake a drilling campaign aimed at: aggressive resource expansion at Korab Group's Winchester magnesium deposit; drill testing of potential lithium and REO targets generated by the first systematic in-depth review of lithium and Rare Earth Oxides (REO) potential of the Batchelor/Green Alligator Project currently being undertaken; and following up multiple nickel, copper and cobalt targets generated by prior drilling programs.

This drilling program will consist of 100-130 RC and diamond core drill holes for a total of up to 10,000-13,000 meters. This drilling campaign will target:

1. Areas within the current magnesium open pit envelope to increase the drilling density with the aim of providing data for updated mineral resource estimate;
2. Areas outside the current magnesium open pit envelope to in-fill the space between the multiple lines of RC, diamond core, and RAB drilling that were completed in the past and that were not included in the estimation of mineral resource due to the distance between the collars (Figure 7);
3. Potential lithium targets generated by the current review of Korab's exploration database;
4. Potential REO targets generated by the current review of Korab's exploration database;
5. Potential nickel, copper, and cobalt targets generated by the prior drilling programs undertaken by Korab and the current review of Korab's exploration database.

Planning of the RC and Diamond drilling program targeting massive magnesite and nickel, copper, and cobalt targets has been completed.

Planning of the drilling program targeting potential lithium and REO targets generated by the ongoing review of Korab's exploration database is still continuing.

In parallel with the work on the Lithium and REO Review, Korab is making amendments to the Mine Management Plan for drilling to incorporate the new drill holes targeting lithium, REO, nickel, copper, cobalt, and massive magnesite. Korab has a pre-existing MMP for drilling already approved by NT DPIR covering some of the drill locations. This MMP is being expanded to cover additional drill hole locations. Once Korab finishes putting through the changes, the amended MMP for drilling will be submitted to NT DPIR for approval. Korab has already secured a field geologist, and a local drilling contractor with a drilling rig.

BATCHELOR/GREEN ALLIGATOR POLYMETALLIC PROJECT (RUM JUNGLE MINERAL FIELD, NT)

During the quarter Korab continued exploration and evaluation of Batchelor/Green Alligator project with particular focus on gold, cobalt, nickel, lead, scandium, rare earth oxides (REO), lithium, 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 JVs to explore the project for various commodities.

During the quarter, Exploration Licence EL29550 forming part of the Batchelor Project has been renewed for further 2 years to 31 July 2024 and is eligible for further renewals.



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Majority of the Batchelor/Green Alligator Project is underlain by the Burrell Creek Formation (part of the Finnis River Group) which hosts lithium mineralisation within nearby tenements owned or operated by Core Lithium (ASX: CXO), Ragusa Minerals (ASX: RAS), and Lithium Plus Minerals (ASX: LPM) (see Figure 2 and Figure 3).

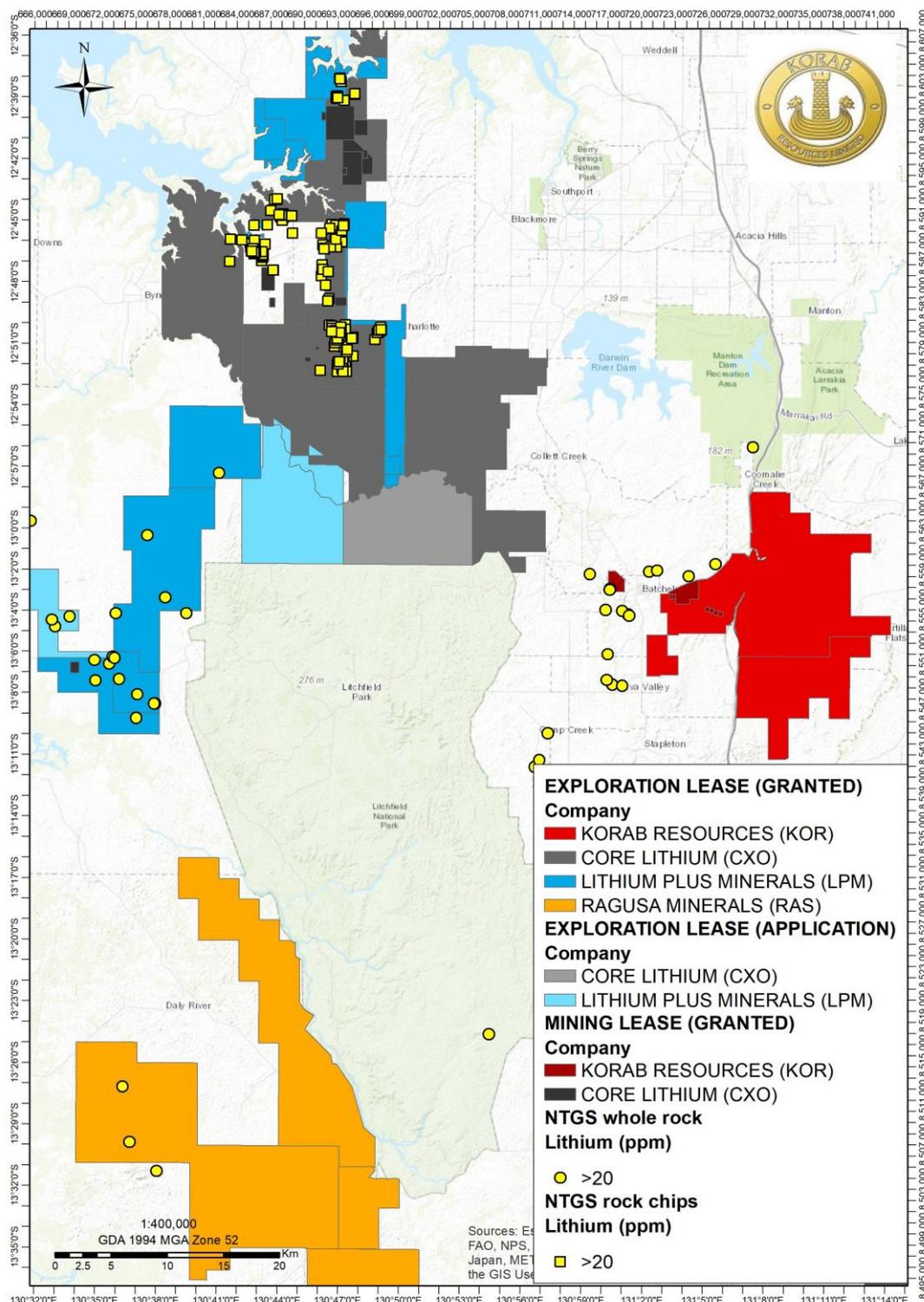


Figure 2 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples.



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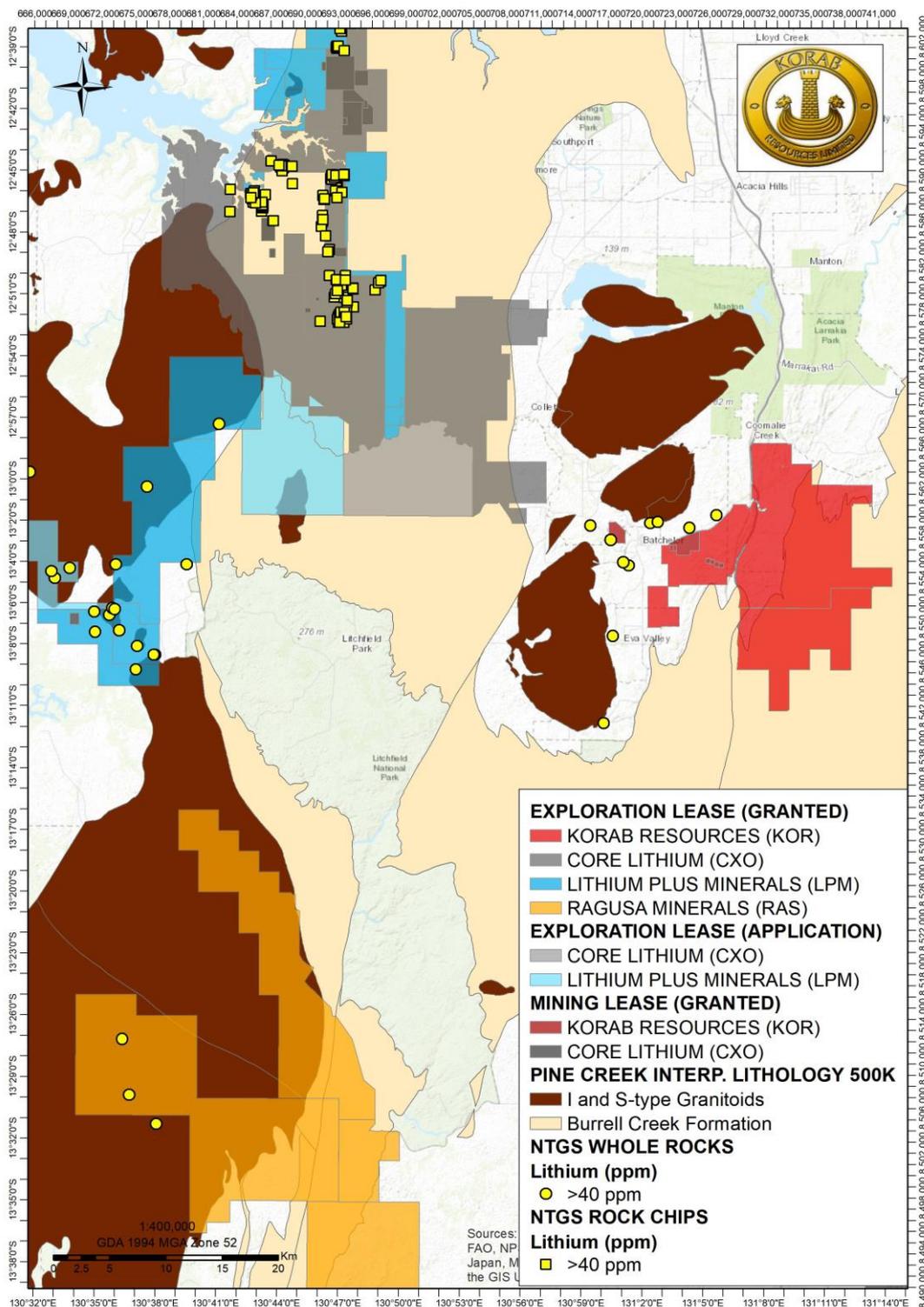


Figure 3 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples, Burrell Creek Formation and source granites.

At the nearby Litchfield Pegmatite Belt, and the Finniss Lithium Project, lithium-bearing pegmatites are found within the same Burrell Creek Formation adjacent to and within aureole of I-type and S-type granites as the source of LCT pegmatites.



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KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Issued Capital

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(Rum Jungle, NT)
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Gold, Silver, Tin

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(Rum Jungle, NT)
Gold, Silver, Zinc, Lead, Nickel,
Copper, Cobalt, Tin, Scandium,
Lithium, Manganese, Uranium

Geolsec
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Phosphate
Rare Earth Oxides
Uranium
(Sub-leased to third party)

Mt. Elephant
(Ashburton, WA)
Gold, Copper

Bobrikovo
(Luhansk, UKRAINE)
Gold, Silver, Zinc, Lead,
Antimony

The geological setting of the Batchelor/Green Alligator Project is broadly similar. The Batchelor/Green Alligator Project is proximal to I-type and S-type granites as the source of LCT pegmatites and the Northern Territory Geological Survey (NTGS) database reports lithium-rich rock chips and whole rocks proximal to the I-type and S-type granites and the Project (see Figure 3).

Northern Territory Geological Survey (NTGS) database confirms elevated lithium in whole-rock samples collected in close proximity to the Project, between the tenements forming Korab's Projects and the I-type and S-type granites to the north and west, as well as the presence of pegmatites and carbonatite rocks (including monazite) at numerous locations within Korab's Project.

Furthermore, NTGS reports show that the Rum Jungle Complex granites immediately to the north of Batchelor/Green Alligator Project are enriched with REO, and are particularly rich in Praseodymium and Neodymium (Figure 4).

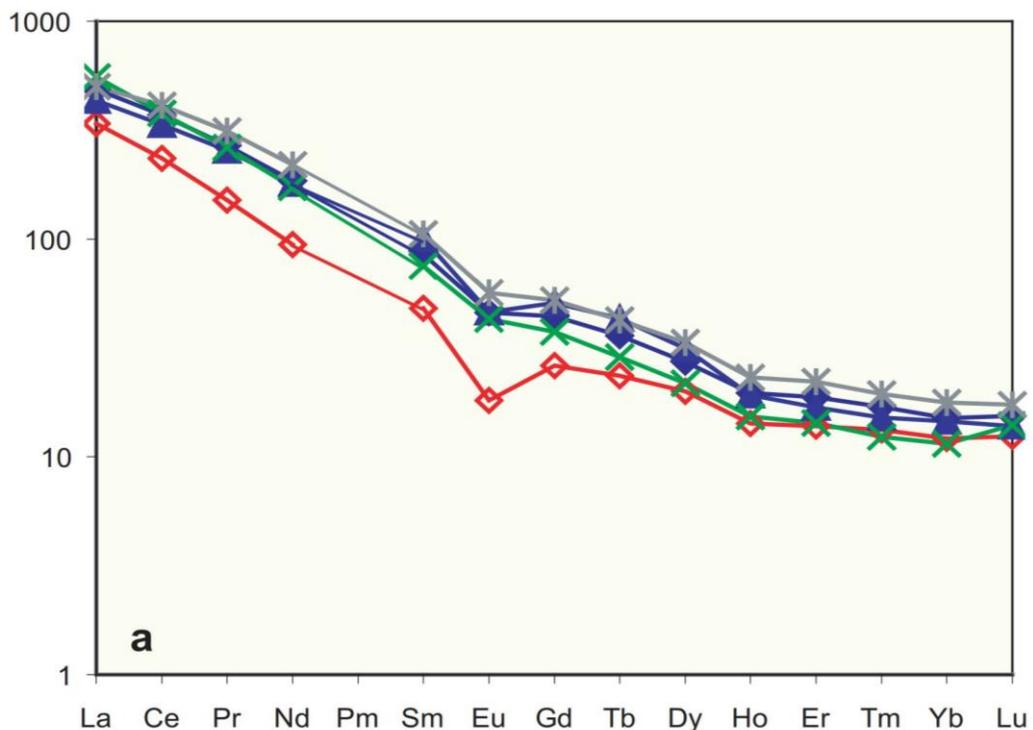


Figure 4 REO spidergram for Rum Jungle Complex granites; after Ahmad et al (2006), data from McCready et al (2004).

Given the potential of Batchelor/Green Alligator Project to host lithium and rare earth oxides mineralisation, during the quarter, Korab Group commenced first in-depth systematic review of the Group's exploration database consisting of results from our own historical exploration programs (comprising approximately 70,000 geochemical data points from drill chips, rock chips, whole rocks, and soils), as well as various closed file, and open file reports targeting lithium and REO. Results of the lithium and REO review of the Batchelor Project will be reported progressively as they become available with initial results expected to be reported shortly.

The Company also plans to re-assay pulps and residues from previous exploration drilling and sampling programs which have been retained by the Company. The pulps and residues from samples originating from areas with prospective geological settings and/or showing anomalous pathfinder minerals in prior assays will be re-assayed using more modern assaying methods.

According to U.S. Geological Survey, Lithium-caesium-tantalum (LCT) pegmatites comprise a compositionally defined subset of granitic pegmatites. The major minerals are quartz, potassium



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feldspar, albite, and muscovite; typical accessory minerals include biotite, garnet, tourmaline, and apatite. The principal lithium ore minerals are spodumene, petalite, and lepidolite; caesium mostly comes from pollucite; and tantalum mostly comes from columbite-tantalite. Tin ore as cassiterite and beryllium ore as beryl also occur in LCT pegmatites, as do a number of gemstones and high-value museum specimens of rare minerals. Individual crystals in LCT pegmatites can be enormous: the largest spodumene was 14 meters long, the largest beryl was 18 meters long, and the largest potassium feldspar was 49 meters long.

Lithium-caesium-tantalum pegmatites account for about one-fourth of the world's lithium production, most of the tantalum production, and all of the caesium production. Giant deposits include Tanco in Canada, Greenbushes in Australia, and Bikita in Zimbabwe.

Most LCT pegmatites are hosted in metamorphosed supracrustal rocks in the upper greenschist to lower amphibolite facies. Lithium-caesium-tantalum pegmatite intrusions generally are emplaced late during orogeny, with emplacement being controlled by pre-existing structures. Typically, they crop out near evolved, peraluminous granites and leucogranites from which they are inferred to be derived by fractional crystallization. In cases where a parental granite pluton is not exposed, one is inferred to lie at depth. Lithium-caesium-tantalum LCT pegmatite melts are enriched in fluxing components including H₂O, F, P, and B, which depress the solidus temperature, lower the density, and increase rates of ionic diffusion. This, in turn, enables pegmatites to form thin dikes and massive crystals despite having a felsic composition and temperatures that are significantly lower than ordinary granitic melts. Lithium-caesium-tantalum pegmatites crystallized at remarkably low temperatures (about 350–550 °C) in a remarkably short time (days to years).

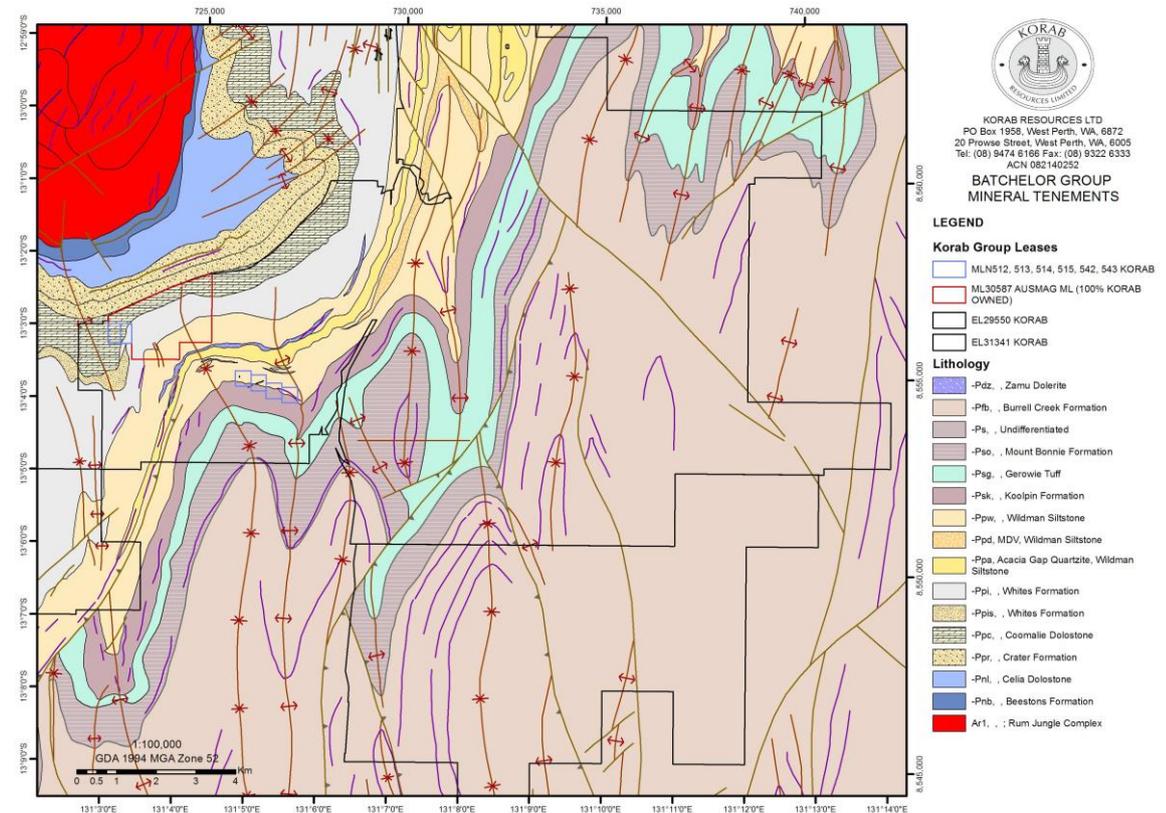


Figure 5 Korab Projects' location showing local geology, Rum Jungle Complex granites and potential conduits for lithium, or REO accumulation (after NTGS).

Lithium-caesium-tantalum pegmatites form in orogenic hinterlands as products of plate convergence. Most formed during collisional orogeny (for example, Kings Mountain district, North Carolina). Specific



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causes of LCT pegmatite-related magmatism could include: ordinary arc processes; over thickening of continental crust during collision or subduction; slab breakoff during or after collision; slab delamination before, during, or after collision; and late collisional extensional collapse and consequent decompression melting. Lithium-caesium-tantalum pegmatite deposits are present in all continents including Antarctica and in rocks spanning 3 billion years. The global age distribution of LCT pegmatites is similar to those of common pegmatites, orogenic granites, and detrital zircons. Peak times of LCT pegmatite genesis at about 2640, 1800, 960, 485, and 310 Ma (million years before present) correspond to times of collisional orogeny and supercontinent assembly. Between these pulses were long intervals when few or no LCT pegmatites formed. These minima overlap with supercontinent tenures at ca. 2450–2225, 1625–1000, 875–725, and 250–200 Ma.

Exploration and assessment for LCT pegmatites are guided by a number of observations. In frontier areas where exploration has been minimal at best, the key first-order criteria are an orogenic hinterland setting, appropriate regional metamorphic grades, and the presence of evolved granites and common granitic pegmatites. New LCT pegmatites are most likely to be found near known deposits. Pegmatites tend to show a regional mineralogical and geochemical zoning pattern with respect to the inferred parental granite, with the greatest enrichment in the more distal pegmatites.

Mineral-chemical trends in common pegmatites that can point toward an evolved LCT pegmatite include: increasing rubidium in potassium feldspar, increasing lithium in white mica, increasing manganese in garnet, and increasing tantalum and manganese in columbite-tantalite. Most LCT pegmatite bodies show a distinctive internal zonation featuring four zones: border, wall, intermediate (where lithium, caesium, and tantalum are generally concentrated), and core. This zonation is expressed both in cross section and map view; thus, what may appear to be a common pegmatite may instead be the edge of a mineralized body.

SUNDANCE GOLD MINE (RUM JUNGLE MINERAL FIELD, NT)

The Company has continued work on re-opening of the Sundance gold mine located south of Darwin in the Northern Territory and on treating the rock (which has been stockpiled on the mining leases) at the processing plant owned by a third party. Discussions with third 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 agreement will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. The Sundance gold mine is located on granted mining leases MLN542 and MLN543 (100% owned by Korab). In addition to the planned Winchester RC and DD drilling campaign, the Company also plans an auger drilling program at Sundance gold mine to test the grade of the remaining stockpiles of previously mined rock located at Sundance.

GEOLSEC ROCK PHOSPHATE PROJECT (RUM JUNGLE MINERAL FIELD, 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), is sub-leasing the Geolsec Phosphate Project from Korab Group (as reported to the market on 25 July 2018). During the prior quarter, Korab received an unsolicited expression of interest from yet another unrelated party to sub-lease the Project. The discussions with the new party regarding the Geolsec 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.

BOBRIKOV GOLD AND SILVER MINE (UKRAINE)

During the quarter, Korab continued 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. 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



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eventuate. No commercial terms have been agreed between the parties. Accordingly, no investment decision should be made on the basis of this information. For the mineral resource statement and the Competent Person statement in respect of the Bobrikovo Project please refer to pages 59 and 60 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022", copy of which is available from the ASX announcement platform and from Korab's website. Current situation in Ukraine is well known to the market from extensive media coverage. Accumulated capitalised exploration expenditure and acquisition costs of Bobrikovo Project have been written down to NIL at consolidation level in 2014.

MT. ELEPHANT PROJECT (ASHBURTON MINERAL FIELD, WA)

During the quarter, Korab Group continued the exploration and evaluation of the Mt. Elephant Project exploration licences E08/2307, E52/2724, E08/2756, and E08/2757, focusing primarily on their gold, iron ore, and base metals potential. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated. Mt. Elephant Project consists of four granted exploration licences and three exploration licence applications (for details refer to Appendix A). As previously advised on 31 July 2020, Korab Group is in discussions with Great Fingall Mining Company NL (GFMC) regarding a potential option for GFMC to acquire the four exploration licences and three exploration licence applications. During the prior quarter, Korab received unsolicited expression of interest from yet another unrelated party to establish a JV regarding the Project. These discussions 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.

PAYMENTS TO RELATED PARTIES

During the quarter, Korab repaid \$69,834 of the loan from Rheingold Investments Corporation Pty Ltd, a company controlled by Korab's Executive Chairman, Andrej K. Karpinski. This amount forms part of (and is included in) cashflow movements disclosed in item 3 of the *Appendix 5B - Quarterly Cashflow Report*, which is appended to this Quarterly Activities Report.

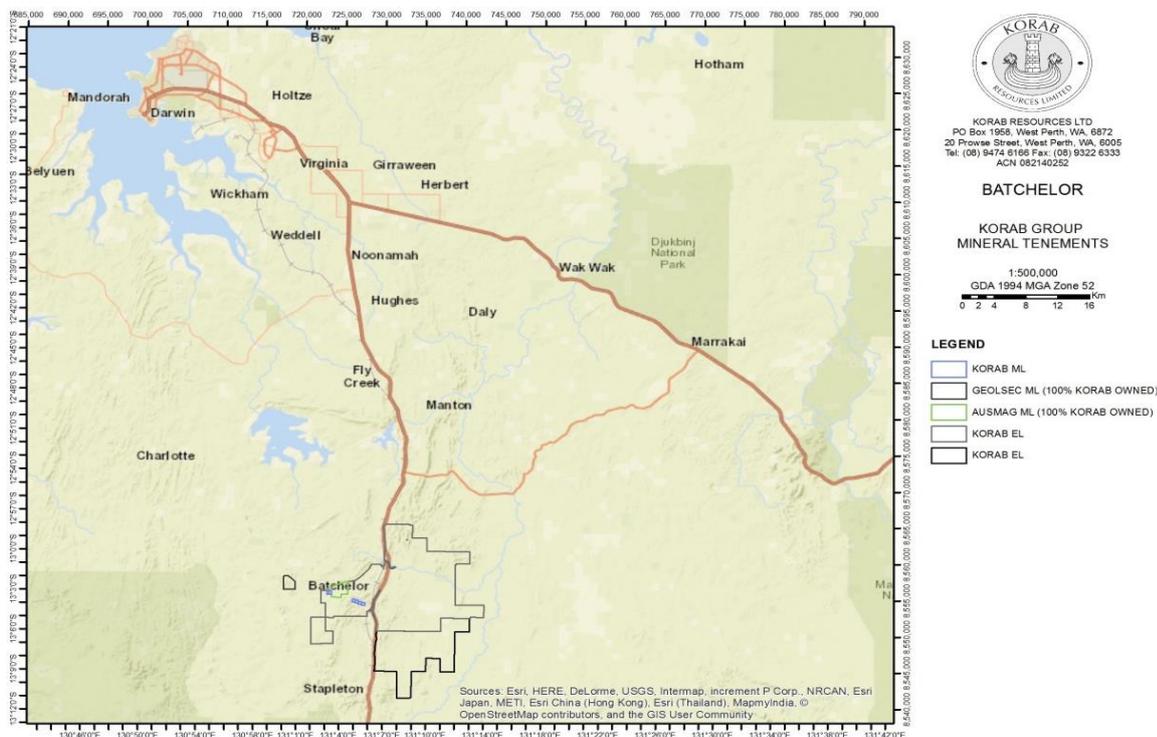


Figure 6 Location of Korab Group's mineral assets in the Northern territory relative to Darwin Port.



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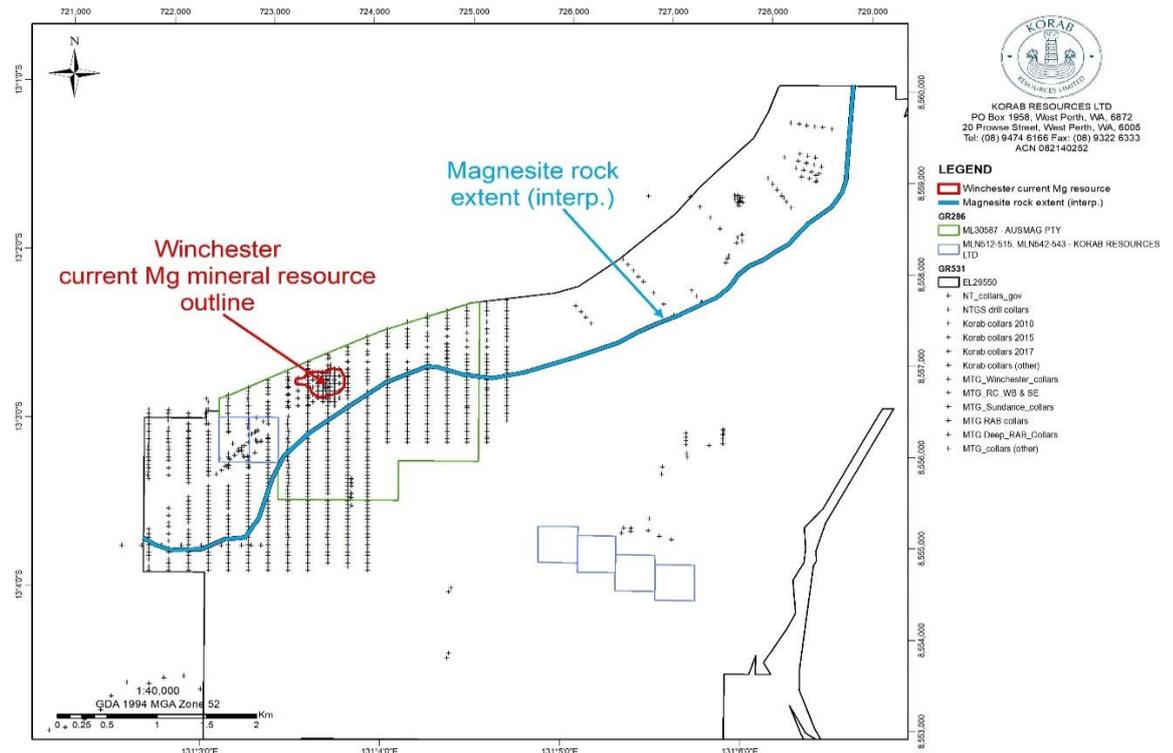


Figure 7 Historical drilling, current resource and extent of interpreted magnesite within Korab tenements



Figure 8 Test mining of magnesium at Winchester during the wet season (after blasting Level 0)



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Figure 9 Test mining of magnesium at Winchester during the wet season (preparing to blast Level -1)

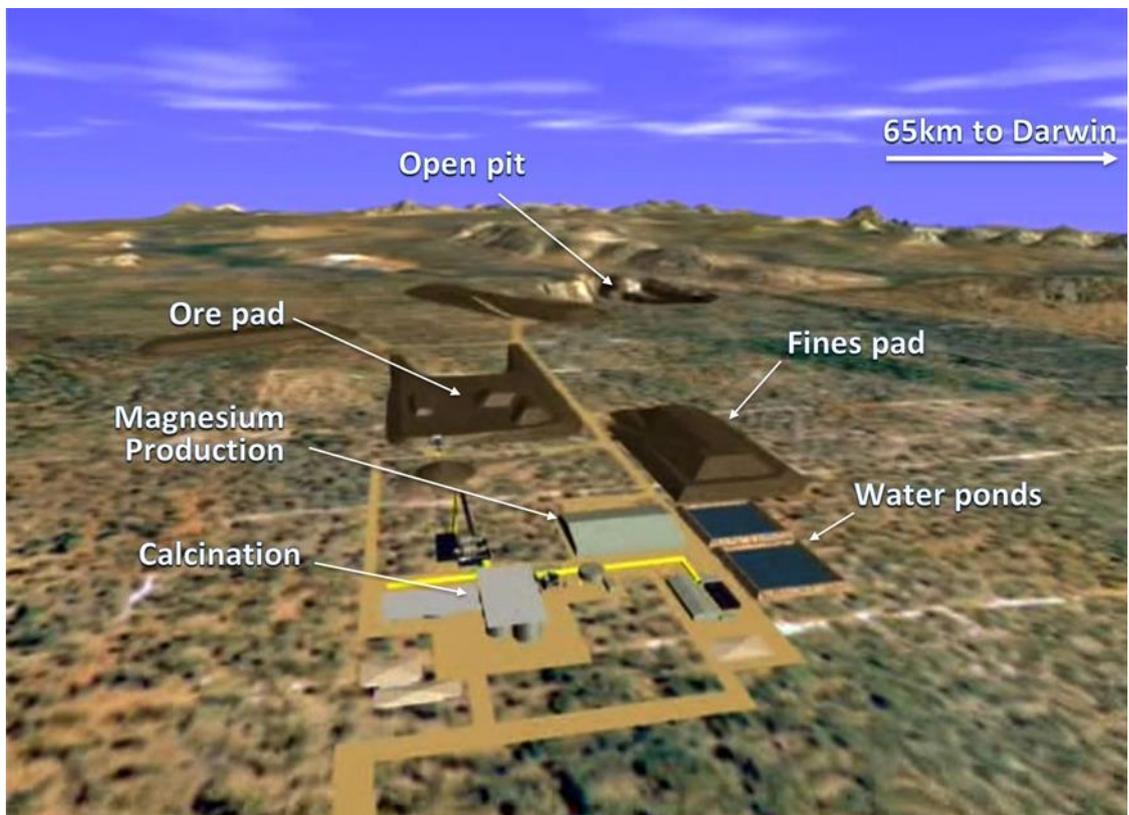


Figure 10 Layout of the Winchester magnesium plant and mine based on the technology using electric arc furnace and magnesium oxide, aluminium and ferrosilicon as feedstock.



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Figure 11 Pilot plant used to produce magnesium metal from Winchester Project

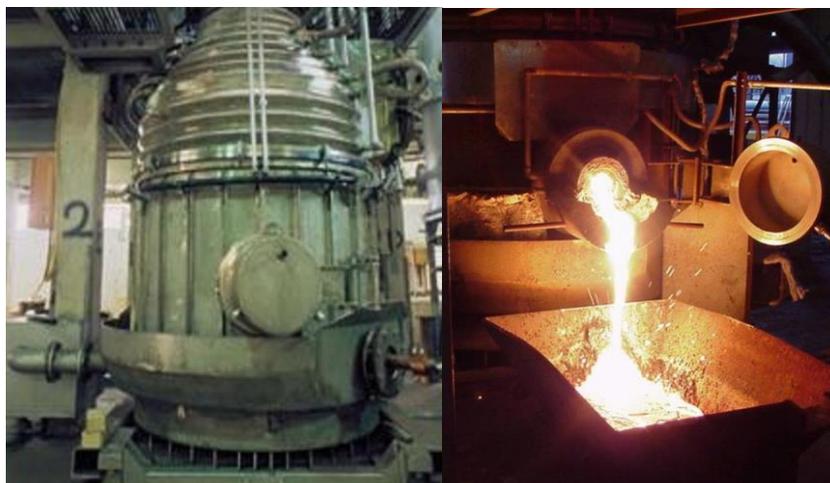


Figure 12 Close-up of the furnace (left) and pouring of slag after magnesium metal was extracted (right)



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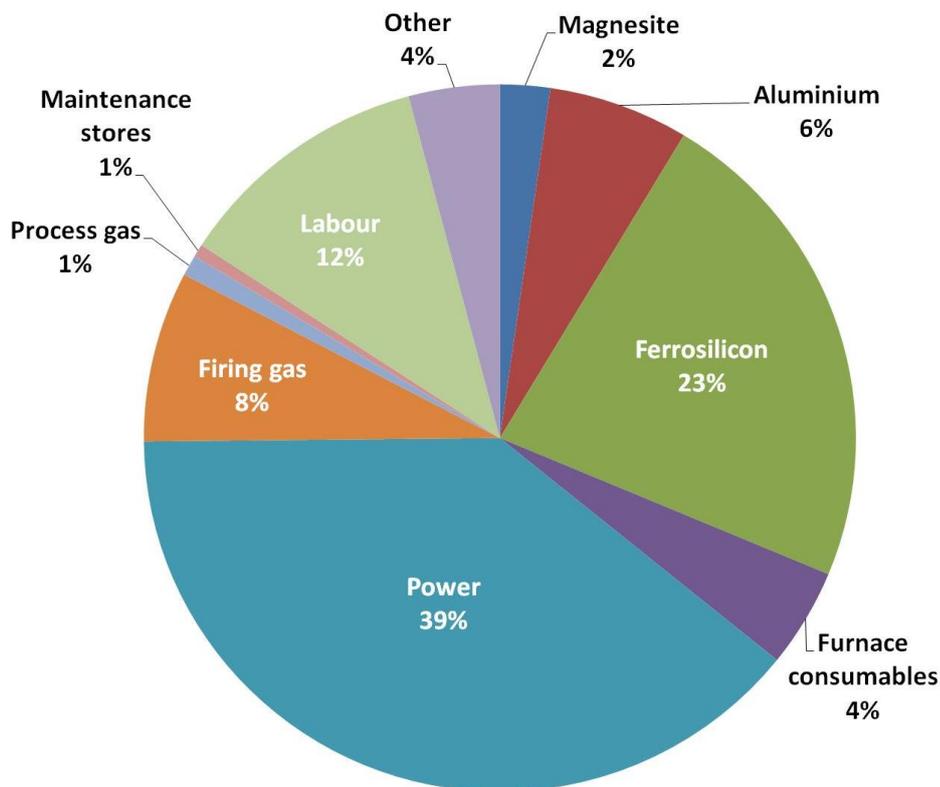


Figure 13 Production cost components by input category



Figure 14 Solar farms at Batchelor (Batchelor 1 and Batchelor 2) adjacent to the Winchester Project



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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: E08/2307 E52/2724 E08/2756 E08/2757 ELA52/3872 ELA08/3264 ELA08/3302	Western Australia, Australia	100% 100% 100% 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				

- END-

This report has been authorised by the Board of Directors of the Company

INVESTOR RELATIONS CONTACT

Andrej K. Karpinski - Executive Chairman
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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 is a Magnesium Producer Member of the International Magnesium Association. Korab's projects include Winchester Magnesium Deposit at Batchelor in the Northern Territory of Australia, Geolsec phosphate and rare earth elements deposit also at Batchelor, and projects in Australia and overseas where gold, silver, copper, cobalt, nickel, lithium, scandium, lead, zinc, tin,

¹ Bobrikovo Project is located in eastern Ukraine in the Donbas region. The accumulated expenditure on this Project has been written-off in full in the 2014 Annual Report at the consolidated entity level.



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manganese, uranium and other elements have been discovered. 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).

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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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KORAB RESOURCES LIMITED

ABN

17082140252

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (expensed)		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(65)	(65)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(64)	(64)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (capitalised)	(53)	(53)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	(53)	(53)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	11	11
3.6	Repayment of borrowings	(111)	(111)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (reimbursed MT Elephant expenses)	10	10
3.10	Net cash from / (used in) financing activities	(90)	(90)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	815	815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(64)	(64)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53)	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(90)	(90)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	608	608

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	595	802
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	13	13
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	608	815

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	144	72
7.2 Credit standby arrangements	600	590
7.3 Other (please specify)	-	-
7.4 Total financing facilities	744	662
7.5 Unused financing facilities available at quarter end		82
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Loan facility – lender: Alicja Karpinski, interest: 12% pa, unsecured. Not due prior to 30 September 2023 but can be repaid early at Korab's discretion without penalties. Due and payable immediately upon change of control.</p> <p>Credit standby arrangements – lender: Rheingold Investments Corporation Pty Ltd, interest: 12% pa, unsecured. Not due prior to 30 September 2023 but can be repaid early at Korab's discretion without penalties. Due and payable immediately upon change of control.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(64)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(53)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(118)
8.4 Cash and cash equivalents at quarter end (item 4.6)	608
8.5 Unused finance facilities available at quarter end (item 7.5)	82
8.6 Total available funding (item 8.4 + item 8.5)	690
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.9
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 October 2022

Date:

By the Board of Directors of the Company

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.