



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

FPO SHARES
Issued: 195 mln
Market Cap: \$12 mln
ASX: KOR
Last Price: AU\$ 6.2
BERLIN: C6S.BE
Last Price: € 0.03

30 October 2015

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2015

This is a quarterly activities report for the period from 1 July 2015 to 30 September 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 continued discussions with potential buyers interested in acquiring 50% equity interest in Geolsec whose approach was reported to the market during the previous quarter on 16 June 2015.

On 17 July 2015, Korab announced that Geolsec has received additional requests for rock phosphate samples from another major overseas fertiliser manufacturer and from an operator of timber plantations. Geolsec has also received a request for quotation from a large overseas distributor to supply 100,000+ tonnes of phosphate rock on CFR basis.

During the quarter Geolsec has received other multiple requests for quotes and samples and various proposals regarding joint operations, sales agreements and joint ventures. To date none of the discussions relating to those approaches has resulted in a formal agreement.

Geolsec is actively pursuing all potential leads and is in ongoing contact and discussions with potential buyers, distributors, joint venture partners and investors with the aim of signing supply agreements and/or joint venture or investment agreements.

Phosphate rock prices have been depressed for a long period of time due to reduced demand out of India and China and a considerable oversupply of rock coming from North Africa. This has caused product coming from new operations to be less attractive to large-volume buyers than product coming from established producers.

BACKGROUND INFORMATION ABOUT THE GEOLSEC PHOSPHATE ROCK QUARRY

Location of the Geolsec project (see Figures 2 and 3), just south of the port of Darwin and within a short distance to majority of Asian ports gives Geolsec significant shipping 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, fertiliser manufacturers 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



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benefits and the benefits of direct application of phosphate rock to soils is available from Korab website at www.korabresources.com.au/geolsec

Winchester Magnesite Project (Northern Territory)

Following Korab's review of various proposals received during the previous quarter regarding funding, joint development, offtakes and equity investments, AusMag executed Deed of Termination and Release ("Release") which relieved AusMag and Rescap from all obligations arising from the Rescap agreement including obligations relating to marketing/offtake rights.

Korab Resources Executive Chairman, Mr Andrej Karpinski, noted that the Company was very pleased to regain the full control over the marketing/offtake rights of all of the magnesite ore to be quarried from the Winchester project.

On 6 July 2015, Korab advised that it has received unsolicited approach from another unrelated party ("Investor") regarding investment in Winchester project and a potential corporate transaction. Investor also expressed desire to take up the shortfall from the recently closed non-renounceable rights issue. Subsequent to that, the directors of the Investor participated in the placement of the part of the shortfall shares from the Rights Issue (see "Operations – Corporate" on page 4) taking up their entire allocation of the shortfall shares which was offered to them as part of the placement.

Following the end of the quarter on 22 October 2015, Korab's wholly owned subsidiary AusMag, received the grant of the mining lease covering the Winchester project. Following the grant of the mining lease Korab has accelerated discussions with potential partners, magnesite buyers, funders, and investors which were held up primarily by the delays with the lease grant.

Korab and AusMag are actively pursuing discussions with all interested parties and will advise the market of the progress of the review of the proposals, the negotiations and the discussions when required. Some of these discussions are now at an advanced stage.

BACKGROUND INFORMATION ABOUT THE WINCHESTER MAGNESITE DEPOSIT AND PROPOSED QUARRY

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. 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 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



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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 3km from the regional centre of Batchelor and approximately 85km south of the port of Darwin in the Northern Territory (see Figures 1,2, and 3). It is 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 to the Northern Territory. 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.

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.

Following the signing of Minsk Accord and the reconstruction of the rail links and other infrastructure in the area; Korab Group has engaged with various stakeholders to move these transactions forward.

Discussions with potential partners and investors regarding Bobrikovo project are continuing. 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 commercial aspects 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. The company held discussions with potential contractors and also commenced the review and assessment of the environmental and social impact aspects of the proposal. 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 undertook a drilling program of 5 vertical RC holes to test an interpreted conductor and other geophysical features overlying prospective horizon. Geochemical analysis of the drill samples shown slightly elevated nickel values. Assay results from the drill samples were lower



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than expected and assays previously generated and consequently are currently being reviewed with further assay tests of these same samples likely.

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. On 21 September, 2015 Korab reported that it has reached an agreement with Mining Resources Development Corporation Pty Ltd ("MRDC") where MRDC will invest \$500,000 as new equity into Australian Copper to hold 75% of Australian Copper following the investment. This investment was subject to the parties executing share subscription agreement. The parties are currently in the process of finalising this agreement.

OPERATIONS - CORPORATE

Following the end of the quarter, the Company placed 16,566,667 shares at \$0.03 per share as a placement of the part of the shortfall shares from pro rata rights issue offer announced on 26 May, 2015.

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.



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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 E08/2756 E08/2757	Western Australia, Australia	100% 100% 100% 100% 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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Figure 1 Location of Winchester proposed quarry relative to East Arm Wharf at Darwin Port

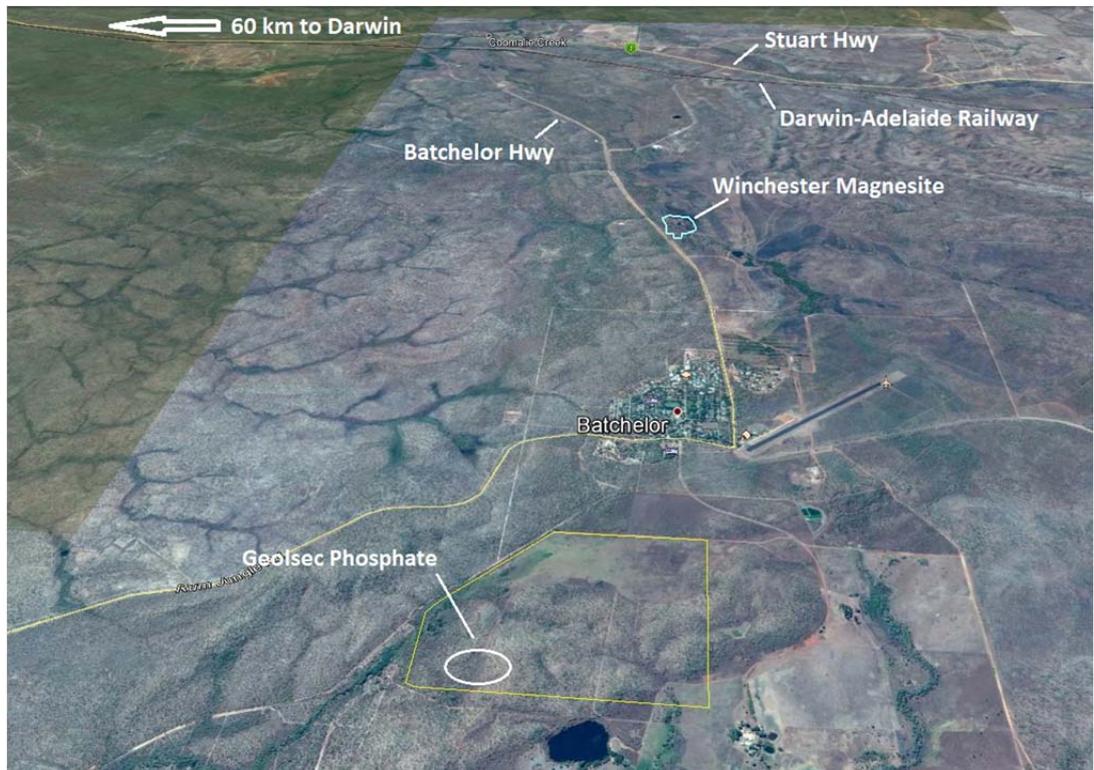


Figure 2 Location of Geolsec and Winchester relative to local infrastructure, roads and rail



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Figure 3 Strategic location of Darwin port



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