



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

24 July 2018

GEOLSEC PHOSPHATE QUARRY SUB-LEASE

Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiary Geolsec Phosphate Operations Pty Ltd ("Geolsec") are very pleased to advise that the Geolsec has executed an agreement with Greentogofuel Limited ("Miner") to sub-lease the Geolsec phosphate quarry. The transaction is binding on both parties.

The transaction covers the Geolsec Project consisting of a granted mineral lease ML 27362 ("Tenement"). ML 27362 was granted on 22 April 2010 for a period of 25 years and can be renewed multiple times. It is located near the town of Batchelor some 75 km south from Darwin along Stuart Highway and Batchelor Highway (for location see Figure 1). The Tenement is accessible year round.

The terms of the transaction are as follows:

In exchange to having the rights to quarry the phosphate rock, and explore the Tenement for additional phosphate rock, the Miner will pay Geolsec:

1. Fixed fee of \$20,000 per month.
2. Gross royalty of \$2/tonne of phosphate rock removed from the Tenement.
3. Interim Additional Royalty of \$5/tonne of phosphate rock removed from the Tenement.

The term of the agreement is for a period from 21 July 2018 ("Commencement Date") until the date when the Tenement expires or otherwise ceases. Geolsec can terminate the agreement at its discretion if the Miner does not achieve the minimum production level of 60,000 tonnes of phosphate rock quarried and removed from the Tenement in any continuous 2 year period.

Miner will be responsible for all Tenement maintenance costs including rent, local government rates, statutory reporting, etc.

Miner will also be responsible for all phosphate quarry permitting, preparation and submission of any mine management plans in respect of the phosphate rock, obtaining any required authorisations, quarry development, quarry operations, phosphate rock sales, payment of statutory royalties levied by the Northern Territory government, phosphate rock marketing and shipping, and the rehabilitation of the Tenement, etc.

Geolsec will retain all property rights in the Tenement and will retain the rights to explore for other commodities within the Tenement and to develop any discoveries of all minerals other than phosphate rock.

If any Gross Royalty will be payable by the Miner in any particular month, \$10,000 of the \$20,000 Fixed Fee payable by the Miner for that particular month will count towards the amount of Gross Royalty due for that month. Any Fixed Fees paid in other months will not be affected.

Interim Additional Royalty will be initially payable by the Miner for a period of 5 years from the Commencement Date. At the end of the 5 year period Geolsec will advise the Miner of any amounts that were paid or are payable by Geolsec in respect of any third parties claims (if any) regarding phosphate rock production, and any surplus amount over and above these claims (if any) will be split 50-50 between Geolsec and the Miner. If no claims were paid or are payable by Geolsec at the end of the 5 year initial period, the Miner will no longer be required to pay the Interim Additional Royalty to Geolsec.

This transaction was envisaged in Korab's prior ASX announcements and is in keeping with the divestment strategy announced previously by Korab.

Issued Capital

Issued Shares: 303 MLN

Last Price: 3.0 cents

Capitalisation: \$9 MLN

Listing Codes

ASX: KOR

BERLIN: C6S

Directors

Andrej K. Karpinski

Executive Chairman
Director

Rodney H. Skeet

Non-executive Director
(Independent)

Daniel A. Smetana

Non-executive Director
(Independent)

Anthony G. Wills

Non-executive Director
(Independent)

Projects

Winchester

(Rum Jungle, NT)

Magnesium carbonate (MgCO₃)

Geolsec

(Rum Jungle, NT)

Phosphate rock
(P2O₅)

Batchelor

(Rum Jungle, NT)

Au, Ag, Zn, Pb, Ni, Cu, Co, Sc,
Mn

Mt. Elephant

(Ashburton, WA)

Au, Cu

Karratha

(Pilbara, WA)

Au, Co, Cu

Marble Bar/Nullagine

(Pilbara, WA)

Au, Co, Cu, Li



20 PROWSE STREET, WEST PERTH, WA, 6005, AUSTRALIA
PO BOX 1958, WEST PERTH, WA, 6872, AUSTRALIA
TEL (08) 9474 6166 FAX (08) 9322 6333
ACN 082 140 252



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On 26 March 2018, (*"REVIEW OF OPERATIONS WITH THE AIM OF DISPOSAL OF OTHER PROJECTS TO ALLOW KORAB TO FOCUS ON WINCHESTER MAGNESIUM CARBONATE PROJECT AND RELATED ASSETS"*), Korab reported that it has commenced a review of its operations and projects located in Western Australia, and Ukraine.

On 17 April 2018, (*"KORAB TO FAST TRACK THE DEVELOPMENT OF WINCHESTER MAGNESIUM CARBONATE DEPOSIT"*), Korab reported that it has decided to fast track the development of the Winchester magnesium carbonate deposit located near Darwin in the Northern Territory and that it decided to add the Geolsec Phosphate Project to the review of Korab's operations and projects with the aim of sub-leasing the Geolsec phosphate quarry to another operator while retaining the ownership of the project and the mining lease within which it is located.

This transaction will generate an immediate cashflow with potential royalty stream and will allow Korab and its wholly owned subsidiary AusMag Pty Ltd to concentrate on the development of the Winchester Magnesium Carbonate (Magnesite) Project, also located near Batchelor in the Northern Territory (for location see Figure 1).

As advised on 29 May 2018, during June and July, 2018 Korab undertook a series of visits, and face-to-face meetings and negotiations regarding the Winchester Project with multiple parties in Australia and overseas. Korab has met with several trading houses, processors, end users, and other potential partners. Meetings went very well and their interest in raw material and processed material appears greater than expected by Korab prior to the visits and meetings. Several proposals were received as well as multiple requests for bulk samples. Discussions are ongoing and no final terms have been agreed with any of the parties at the date of this report. Korab will advise the market if and when such agreements are signed.

More detailed operations update regarding the progress of the development of the Winchester Project will be provided shortly to the market in a separate report.

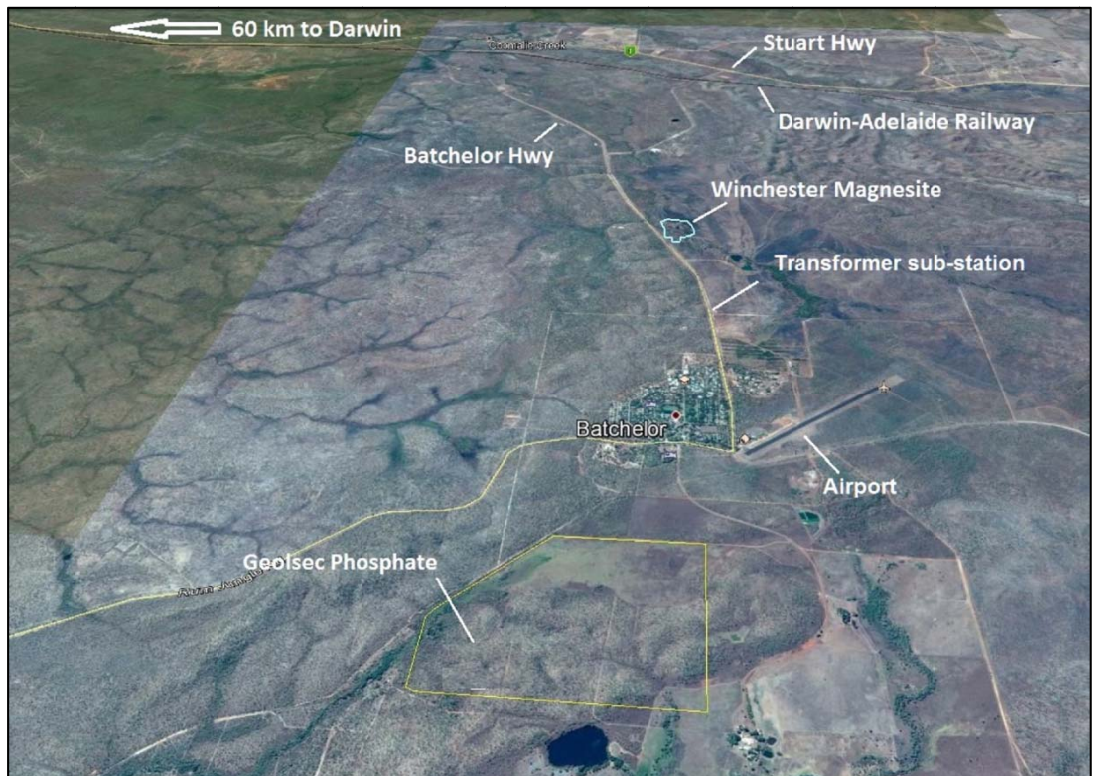


Figure 1 Location of Geolsec Project

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INVESTOR 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 Winchester magnesium carbonate deposit and Geolsec phosphate rock deposit at Batchelor in the Northern Territory of Australia as well as a gold and silver deposit at Bobrikovo in eastern Ukraine. The Company also explores for gold and copper at Ashburton Downs/Mt. Elephant in Western Australia, and for gold, copper, lithium, tin, and tantalum at Karratha, and Marble Bar/Nullagine in Western Australia. Korab also explores for gold, cobalt, silver, lead, zinc, copper, nickel, lithium, and tin at Batchelor and Green Alligator in the Northern Territory. More information about Korab's projects can be sourced from Korab's website at www.korab.com.au. Korab Resources Ltd is listed on Australian Securities Exchange, which is Korab's home market. Korab's shares are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Börse Berlin).

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. Pilbara East and Pilbara West projects are considered to be of early stage, grass roots exploration status.

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