



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

25 July 2018

MT. ELEPHANT PROJECT TRANSACTION

Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its subsidiaries Australian Copper Pty Ltd and Australian Copper Holdings Pty Ltd (together AusCopper) are very pleased to advise that AusCopper has executed the Term Sheet with Great Fingall Mining Company NL (GFMC) for GFMC to acquire and option to purchase the Mt. Elephant project. The Term Sheet is binding upon the parties but is subject to shareholder approval if such is required under the ASX Listing Rules.

The transaction covers the Mt. Elephant project located in the Ashburton Mineral Field south of Paraburdoo in Western Australia. Mt. Elephant consists of 5 granted exploration licences E08/2757, E 52/2724, E08/2307, E08/2756, and E 08/2115 ("Tenements"). Exploration licence E08/2115 is subject to forfeiture action as reported to ASX on 12 June 2018.

The general terms of the transaction are as follows:

Pursuant to the Term Sheet, GFMC will pay AusCopper a \$50,000 option fee to acquire an option to purchase the Tenements. The option term will be 9 months from 21 July 2018 and it can be extended by agreement between the parties. Upon the exercise of the option, the consideration for the Tenements will be \$500,000 payable in ordinary shares in GFMC.

Under the Term Sheet, GFMC will be responsible for the exploration within the Tenements, and for keeping the Tenements in good standing, including (among others) meeting the minimum expenditure requirements, paying tenement rents, and local government rates.

The transaction is conditional on:

1. Korab shareholder approval if required under the ASX Listing Rules:

Because the value of the consideration constitutes more than 20% of the consolidated equity interest of Korab, Korab may be required to seek shareholder approval for this transaction in general meeting pursuant to Listing Rule 11.4. If the Company is required to obtain shareholder approval for this transaction, the Company intends to call a general meeting as soon as practicable to seek such approval and if such approval is not obtained the option will lapse.

2. GFMC being admitted to the official list of ASX:

GFMC is an unlisted public company which intends to seek admission to ASX within the next 9 months. If GFMC is not listed on ASX within 9 months, the option will lapse unless it is extended by agreement between the parties.

Under a separate agreement executed between Australian Copper Holdings Pty Ltd (ACH) and GFMC, ACH will be responsible for defending the forfeiture action in respect of tenement E08/2115. In the unlikely event that the tenement E08/2115 is forfeited, GFMC will have 30 days to decide if it wants to terminate the option. If GFMC decides to terminate the option, AusCopper will refund to GFMC the \$50,000 option fee plus 50% of the exploration expenditure, tenement rent, and local government rates paid for by GFMC in respect of the Mt. Elephant Project.

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

On 26 March 2018, ("REVIEW OF OPERATIONS WITH THE AIM OF DISPOSAL OF OTHER PROJECTS TO ALLOW KORAB TO FOCUS ON WINCHESTER MAGNESIUM CARBONATE

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



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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 entered into discussions with multiple interested parties regarding a sale/joint-venture of the Mt. Elephant project.

These divestments (should they occur) will allow Korab to focus its time, personnel, and other resources on the remaining assets of the Company, specifically the Winchester magnesium carbonate quarry.

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.

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

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(Pilbara, WA)

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Marble Bar/Nullagine

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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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