



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

FPO SHARES

ASX: KOR

Last price: AU¢ 2.4

BERLIN: C6S.BE

Last price: € 0.01

18 February 2015

WINCHESTER MAGNESITE OFFTAKE, FINANCING AND OPERATIONAL SUPPORT

Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) and its wholly owned subsidiary AusMag Pty Ltd ("AusMag") are excited to announce that AusMag has executed a binding agreement with a well-known, respected unrelated entity ("Partner") for an offtake and marketing rights to 25% of the magnesite to be produced from the Winchester magnesite mine for a period of 7 years.

Under the agreement the Partner and its group will also provide operational, technical, managerial and transactional support to Korab and AusMag in relation to Winchester magnesite project.

The Partner will also offer to AusMag funding for the development of Winchester magnesite mine by way of a loan facility on commercial terms and subject to a due diligence to be completed within 60 days from today.

On 13 January 2015 Korab provided to the market the results of the pre-feasibility study to develop Winchester magnesite deposit as a direct shipping ore (DSO) operation. Results released on 13 January 2015 have shown a low CAPEX of AU\$4 million and a long-life mining operation with the capacity to supply 800,000 tonnes of crushed direct shipping magnesite rock per year at a cost of AU\$21 per tonne. This 800,000 tonnes per year capacity is based on single day shift operation and can be easily expanded should this be required. Current magnesite prices range between US\$80 and US\$140 per tonne. Winchester mine is designed to supply a raw magnesite rock crushed on site with no additional processing.

Full text of the feasibility study announcement can be accessed through the link below:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01590863>

Winchester is located approximately 85km south of Darwin in the Northern Territory, less than a hundred meters from sealed road, and less than 5km from railway line. For location of the project please see Figure 1 and Figure 2. The deposit is a shallow, flat laying body covered by up to 5 meters of soil overburden. It can be mined at a low cost by open cut method.

The study is now being expanded to quantify the additional material factors including estimated selling prices for magnesite, foreign exchange rates, and various additional costs; including costs of haulage, port loading, marketing, royalties, and others.

The inclusion of quantified material factors will allow for the estimation of free cashflow from the mine operations and the estimation of its net present value.

Batchelor project consists of exploration licence EL29550 (100% Korab Resources Ltd) and a Mineral Lease application ML30587 (100% AusMag Pty Ltd, a wholly owned subsidiary of Korab Resources Ltd). The project is located near town of Batchelor, some 70 km south of Darwin in the Northern Territory and the project area extends for approximately 20 km.

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ABOUT KORAB RESOURCES

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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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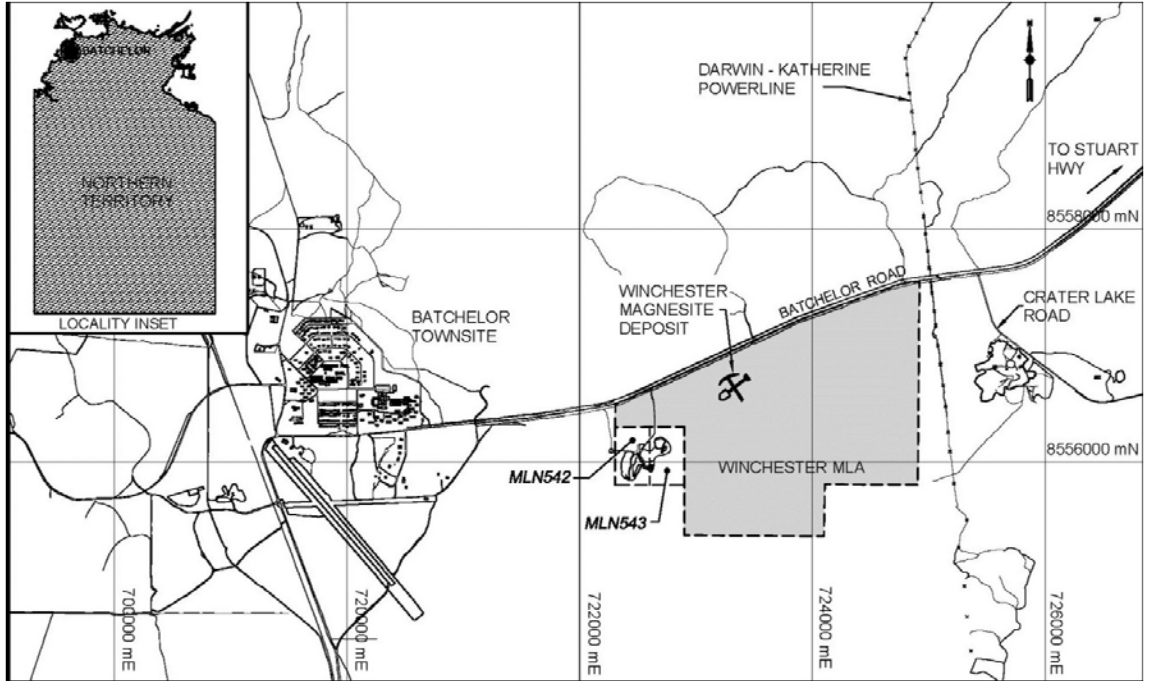


Figure 1 Site locality plan



Figure 2 Winchester Magnesite deposit relative to Darwin and Batchelor



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