



KORAB RESOURCES LIMITED

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www.korab.com.au

Tuesday, 8 February 2011

INDICATIVE PHOSPHATE OPERATING COSTS

Following recent market speculation regarding likely production costs of Geolsec phosphate rock at Korab's Geolsec project in the Northern Territory, Korab would like to provide indicative operating costs for Geolsec Phosphate Operations Pty Ltd.

- Indicative operating cost for direct shipping, un-processed, un-ground phosphate rock
~ \$30 per tone.
- Indicative operating cost for un-processed, ground-up phosphate rock in 1 ton bulk bags
~ \$70 per tone.
- Indicative operating cost for un-processed, ground-up phosphate rock in retail-size 15-20 kg bags
~ \$100 per tone.

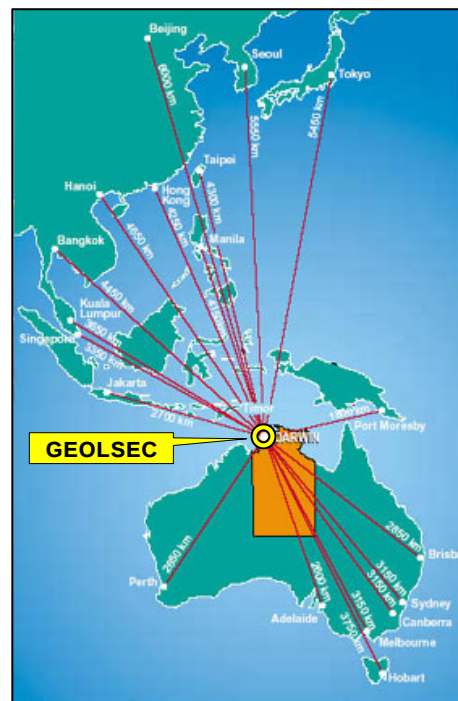
Ground-up phosphate rock for direct application wholesales for between \$450 and \$750 per tone. Bagged ground-up rock phosphate for direct application retails for between A\$1,000 and A\$1,200 per tone. Un-ground rock phosphate for direct application sells in bulk for between \$200 and \$400 per tone depending on chemical composition and reactivity. Phosphate rock prices may change depending on potential supply constraints and market demand.

On 4 February 2011 Korab announced that it has received a second offer to enter into sales agreement for 80,000-100,000 tpa of direct shipping rock phosphate to be produced by Korab's 100% owned subsidiary Geolsec Phosphate Operations P/L at the Geolsec project at Rum Jungle in the Northern Territory. This followed an announcement made at end of December 2010 regarding an off-take agreement for 100,000 tpa of phosphate rock. Subject to the negotiations being successfully completed, Korab intends to commence sales of phosphate from Geolsec at a rate of approximately 200,000 tpa in 2011¹. This would not only be a major milestone for Korab but could also lead to a substantial re-rating of the Company.

Geolsec phosphate deposit extends from surface to 40-120 meters depth and is located on a side of a hill with good access by all-weather road (see cross-section on page 4).

The deposit is located in close proximity to the Darwin port allowing for easy access to most ports in Asia and Australia. Local infrastructure includes road, rail, high-voltage power, potable water and piped gas. Geolsec project is located less than 2km from the regional centre of Batchelor (see photos on pages 3 and 4). Korab is intending to develop the Geolsec deposit as a simple quarrying operation utilising modern techniques to reduce the environmental impact of the operations and to minimise the operating costs. The deposit is accessible during both dry and wet seasons. CAPEX and start-up costs are estimated at between \$200,000 and \$300,000.

Commencement of deliveries under these two agreements potentially could have significant impact on Korab's revenue stream and its ability to fund the development of other Korab projects, especially the Winchester magnesium project



Location of Geolsec 70 km from Darwin

¹ Any development work at Geolsec project is subject to receiving all required permits and approvals.

ASX
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79 million shares

Market capitalisation
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€ 20 million



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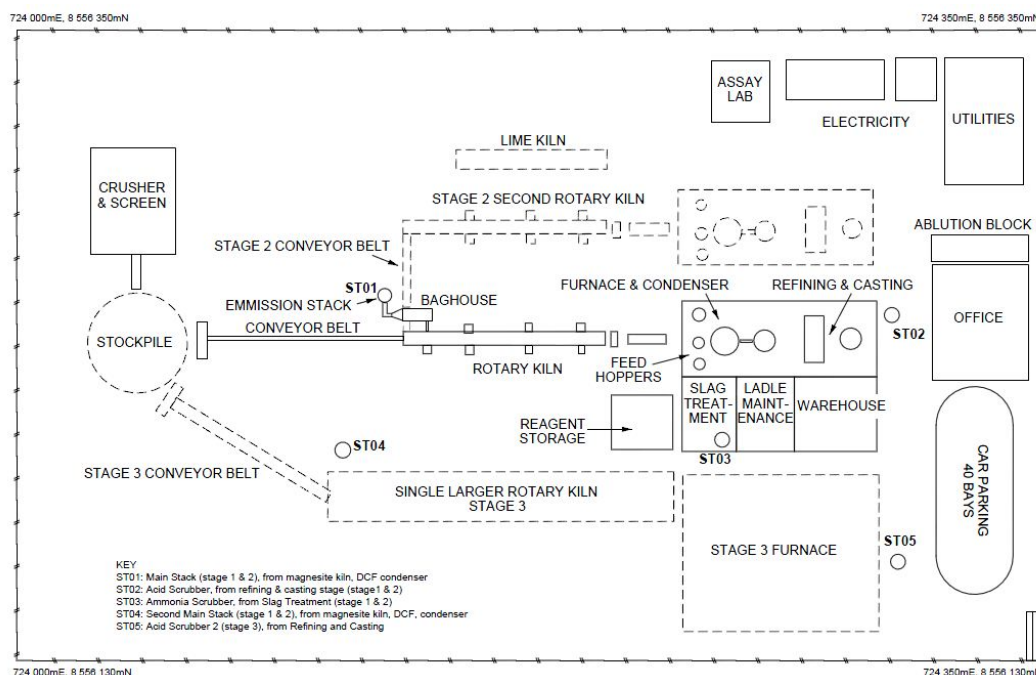


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located approximately 8 km from Geolsec deposit. For the location of the Winchester project please see map of all Korab's Rum Jungle projects on page 6. As previously announced to the market, Korab Resources has been reviewing development options for this project with the aim of developing the project initially as a supplier of magnesium oxide based building materials and at a later stage as a supplier of magnesium metal. The magnesium metal side of the Winchester project has been taken through the feasibility study stage (including mine planning and design, preparation of environment impact statement, design of the processing and crushing plant, test mining, construction of pilot processing plant and production of magnesium). Feasibility study indicated that the optimal size for Stage 1 of the plant was a 14MW furnace with an annual capacity of 12,500 tonnes. The estimated capital cost of Stage 1 including mine infrastructure, calciner, 14MW furnace, condenser and necessary ancillaries was \$76M. Stage 2 would increase annual capacity to 25,000 tonnes and Stage 3 would further increase annual capacity to 50,000 tonnes.



Winchester Project - magnesium metal plant layout (stages 1-3)

Drilling at Batchelor to a depth of 100m outlined a 7.5km long and 0.5km wide high-grade zone of magnesium mineralisation which is open at depth. Within this high-grade zone of magnesium mineralisation, close spaced drilling over an area 550m by 300m outlined the Winchester deposit with an indicated resource of 12.2Mt at 43.1% MgO and an inferred resource of 4.4Mt at 43.6% MgO. Rail line, gas pipeline, sealed transcontinental highway and high voltage power lines cross the project area providing Winchester project with excellent basic infrastructure and logistics.

Geolsec, Batchelor and Green Alligator projects form the Rum Jungle group where Korab has 100% rights to all minerals other than gold and uranium and thorium and 10% rights to uranium and thorium. Uranium Australia Ltd has 90% rights to uranium and thorium. Melrose Gold Mines Ltd has 100% rights to gold.

CONTACT

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ABOUT KORAB RESOURCES LIMITED

Korab Resources Ltd is an Australian mining and exploration company based in Perth with operations in Australia and Europe. Korab's quarrying and mining projects include rock phosphate and magnesium. The company also manages exploration projects in Western Australia and the Northern Territory. More information about Korab's projects can be sourced from our website at www.korabresources.com.au Korab's shares are

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listed on Australian Securities Exchange (ASX) and trade on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

Competent Person: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Hawker, who is an independent geological consultant and is a member of The Australasian Institute of Mining and Metallurgy. Andrew Hawker has in excess of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andrew Hawker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



4-lane Stuart Highway connects Batchelor and Green Alligator projects with Darwin (70 km)



Batchelor Road provides access to Town of Batchelor (2 km) and Stuart Highway

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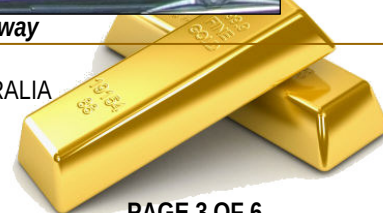
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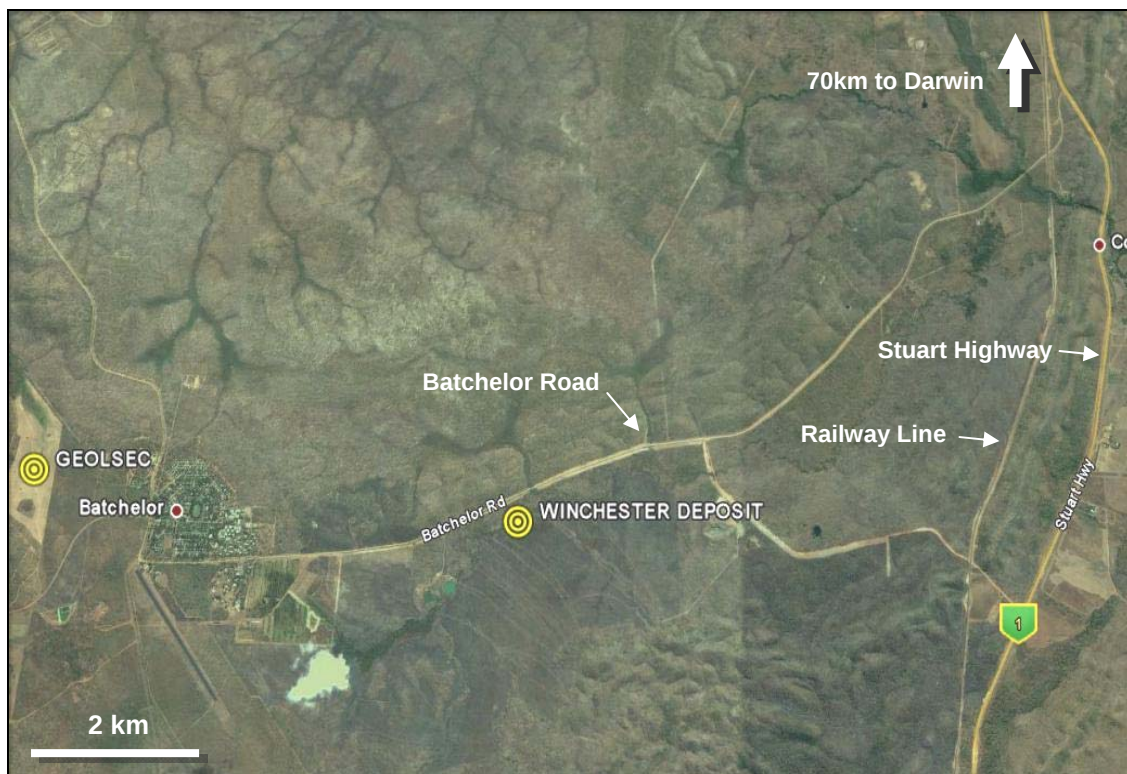




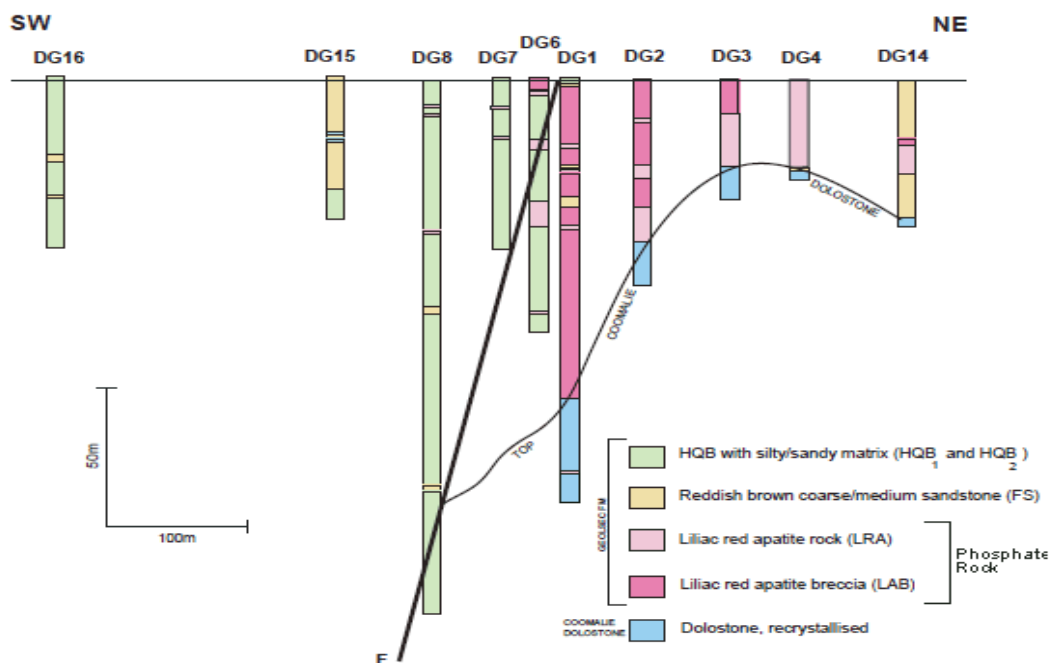
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Geolsec project and Winchester deposit locations – Google Earth image



Geolsec phosphate deposit – cross section “SW-NE” (location of cross-section shown on page 5, vertical scale x 2)

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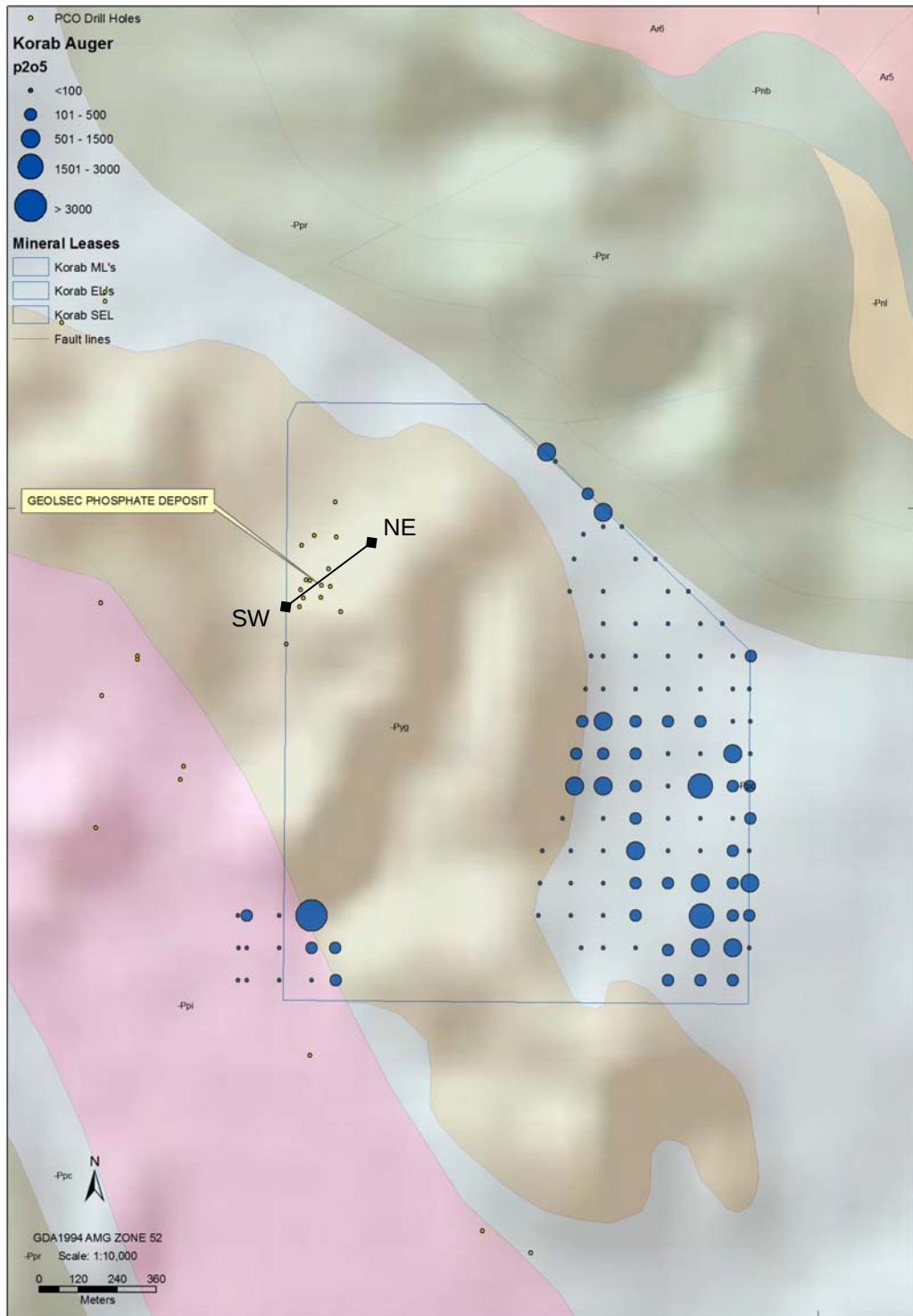


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Geolsec project - Geolsec phosphate deposit and recently discovered phosphate anomalies that will be drill tested during 2011 (showing cross section "SW-NE" from page 4)

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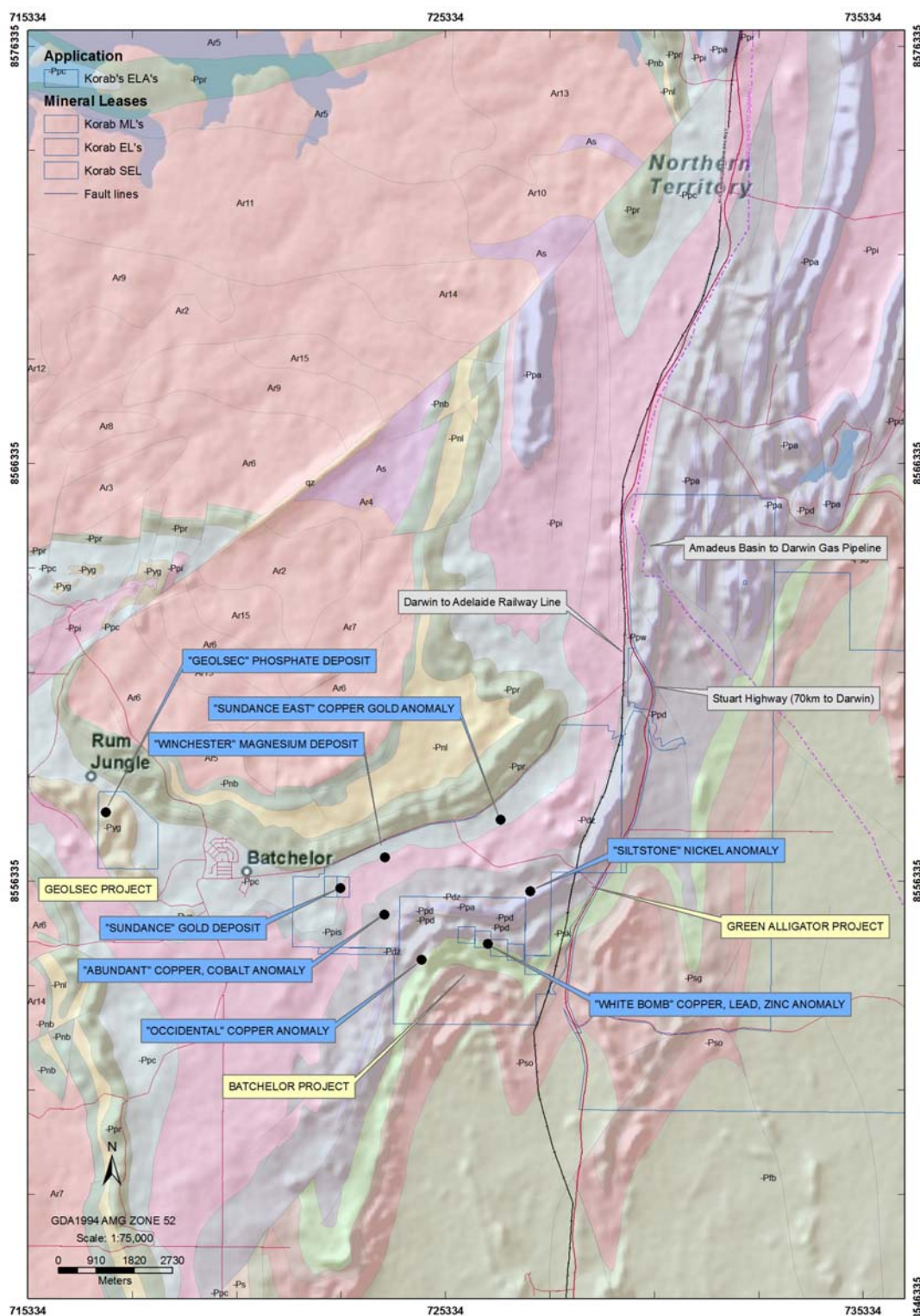




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Korab's Rum Jungle projects – local geology, deposits, geochemical anomalies and infrastructure

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