KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

FPO SHARES
Issued: 153 mln
Market Cap: $5 mln
ASX: KOR
Last Price: AU¢ 3.1
BERLIN: C6S.BE
Last Price: € 0.01

Monday, 22 June 2015

SECOND WINCHESTER MAGNESITE QUARRY FUNDING PROPOSAL

As a matter of compliance with continuous disclosure obligations, Korab Resources Ltd ("**Korab**", or "**Company**") (**ASX: KOR**) is pleased to advise that its wholly owned subsidiary AusMag Pty Ltd ("**AusMag**") has received a second proposal from another unrelated party regarding funding for the Winchester magnesite project. The proponent is a respected mining contracting company ("**Contractor**") which would fully fund the project to first ore shipment stage.

Under this proposal, the Contractor would provide Korab/AusMag with turnkey project finance, development and operation solution subject to various conditions precedent. This highly conditional proposal envisages that the Contractor would take control of the development of Winchester magnesite quarry including the permitting process and would take it to production at its own expense. In exchange the Contractor would receive a long term contract to operate the quarry and a royalty. Unlike the proposal reported on 16 June 2015 (which came from a different party), this second proposal does not envisage upfront cash payment, offtake, or equity position. Other details of the proposal are confidential at this stage.

Korab is currently reviewing this second proposal as well as the proposal reported on 16 June 2015.. No binding agreement has been entered into with respect to either of the two funding proposals. Korab is actively pursuing discussions with both proponents and will advise the market shortly of the progress of the review and discussions. Discussions with the second proponent (Contractor) are at an early stage.

BACKGROUND TO WINCHESTER MAGNESITE PROJECT

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 per annum of crushed direct shipping magnesite rock at a mine-gate cost of AU$$20-$30 per tonne (depending on annual output). Current magnesite FOB prices range between AU$80 and AU$110 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

FPO SHARES
Issued: 153 mln
Market Cap: $5 mln
ASX: KOR
Last Price: AU¢ 3.1
BERLIN: C6S.BE
Last Price: € 0.01

of coarse saleable magnesite rock to fines was 80%. This study showed that there may be a market 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 85km south of Darwin, capital of the Northern Territory, 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. 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.

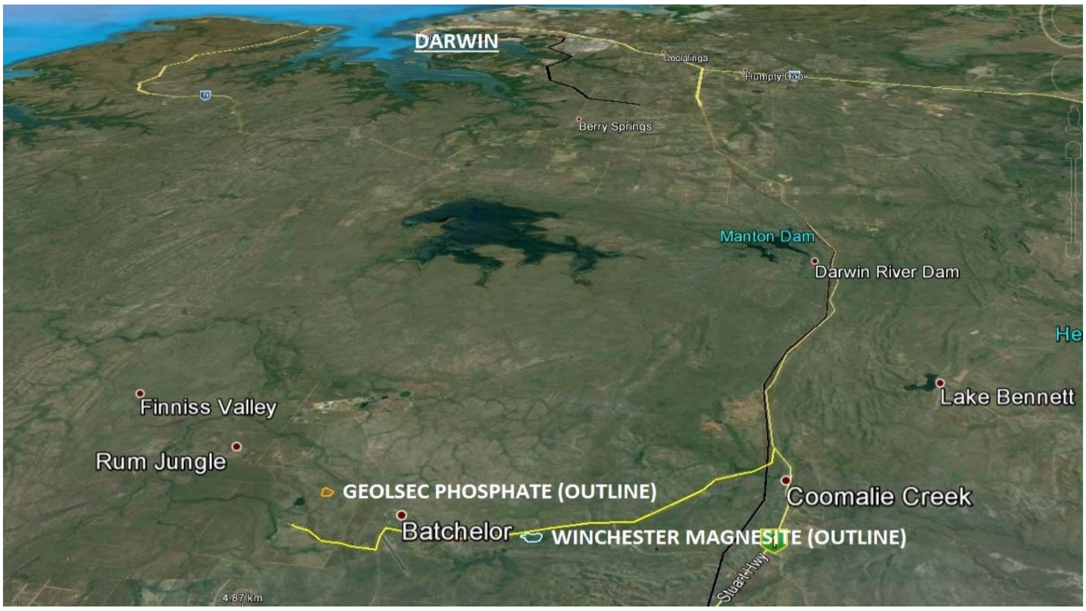

Figure 1 Winchester magnesite phosphate deposit located 85 km south of port of Darwin near town of Batchelor. Deposit is close to a highway, rail, water, gas, and power.

Figure 2 Winchester deposit location relative to town of Batchelor, basic infrastructure and topography.

FPO SHARES
Issued: 153 mln
Market Cap: $5 mln
ASX: KOR
Last Price: AU¢ 3.1
BERLIN: C6S.BE
Last Price: € 0.01

- END-

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 mine at Bobrikovo in Ukraine, Geolsec phosphate mine located 80km from Darwin in the Northern Territory of Australia and Winchester magnesite deposit located 75km from Darwin 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 Rum Jungle mineral field in the Northern Territory of Australia. 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.