KORAB RESOURCES LIMITED
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FPO SHARES
Issued: 178.6 mln
Market Cap: $5 mln
ASX: KOR
Last Price: AU¢ 2.9
BERLIN: C6S.BE
Last Price: € 0.02

Monday, 24 August 2015

GEOLSEC PHOSPHATE MARKETING/SALES PROGRESS

- **SIGNIFICANT PROGRESS MADE WITH MARKETING OF PHOSPHATE ROCK IN INDONESIA**
- **PROGRESS MADE WITH POTENTIAL BUYER OF 50% EQUITY INTEREST IN GEOLSEC**
- **KORAB APPROACHED BY ANOTHER PARTY WITH AN INTEREST IN ACQUIRING EQUITY IN GEOLSEC AND THE DISTRIBUTION RIGHTS TO NEW ZEALAND**

As a matter of compliance with continuous disclosure obligations, Korab Resources Ltd ("Korab", or "Company") (ASX: KOR) is pleased to provide an operations update on behalf of its wholly owned subsidiary Geolsec Phosphate Operations Pty Ltd ("Geolsec").

Korab is pleased to advise that the discussions regarding potential phosphate rock sales to "PT Petrokimia Gresik" are progressing well and that the results of the tests being currently run on additional Geolsec phosphate rock samples provided recently to "PT Petrokimia Gresik" are likely to be available this week.

The Company is delighted to report that Korab's Executive Chairman, Mr Andrej Karpinski has been invited to meet with the CEO of "PT Petrokimia Gresik" to discuss potential for a mutually beneficial co-operation.

Geolsec has reported in June 2015 that following receipt of positive initial test results from samples provided earlier by Geolsec, it has been asked to provide additional samples for further testing by "PT Petrokimia Gresik", one of the largest fertiliser companies in Indonesia which has recently increased its annual purchases of phosphate rock to approximately 1.7 mln tonnes. Above paragraphs refer to this further testing of the additional samples.

Mr Karpinski commented that the positive result from initial testing of Geolsec phosphate rock by one of the dominant players in the Indonesian fertiliser market and the current progress being made by the Company with regard to marketing and distribution of phosphate rock are very promising indicators for Geolsec project which could potentially lead to significant future sales and revenue.

"We believe that the very low projected operating costs of the Geolsec quarry and the excellent logistics of the project, make our product very competitive even in the currently depressed phosphate rock market which is suffering from a combination of a reduced demand out of the traditionally robust Indian market and an increased supply out of the Middle East and North Africa. We are actively pursuing discussions with multiple parties regarding both large and small scale sales and distribution arrangements. Whilst some of these are at an advanced stage where there is a potential for a new-term significant volume of sales at an attractive profit margin, the others are still at an early stage were field trials will need to be run before orders for larger quantities of rock may be received." Mr Karpinski said.

"Furthermore, whilst we are working towards establishing Geolsec as a strong generator of ongoing revenue, we are also in discussions with parties interested in acquiring equity interest in Geolsec project." Mr Karpinski commented.

As reported on 16 June 2015, Korab has received an expression of interest from this party (referred to in the report as the "Buyer") to acquire 50% equity interest in Geolsec. Under the proposal the

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"Buyer" would operate Geolsec quarry and would enter into an offtake agreement to buy rock phosphate on normal commercial terms. At the time of the report the consideration for the 50% equity interest in Geolsec was being negotiated.

"Our discussions with the "Buyer" have been very productive. The numbers currently being proposed by this party, with whom - I might add - we have been also discussing our Winchester magnesite project, are around the $4 million mark for a 50% equity interest in Geolsec." Mr Karpinski added.

"We are still reviewing various aspects of this proposal, and whilst we have not made a decision to enter into a Geolsec equity sale transaction at this point in time, the amount being proposed is certainly of interest to us. Having said that, we believe that, although this number may look attractive when compared to the current market capitalisation of the Company, it significantly undervalues the commercial potential of the Geolsec project and furthermore it fails to adequately reflect the technical merits and the logistical advantages of Geolsec." Mr. Karpinski remarked.

In a separate development, Korab is pleased to advise that it has been recently approached by another party with an interest in a potential tie-up involving an equity investment in Geolsec quarry and a distribution of Geolsec direct application phosphate. This party is one of the main phosphate sector players in New Zealand.

"Primary focus of our discussions is the New Zealand direct application phosphate rock sector and we are obviously interested in exploring this opportunity to enter a new area. However, I need to point out that our discussions with them are at an early stage and whilst they confirmed that they are happy with the chemical composition, reactivity and other characteristics of our phosphate rock, they would like to run field trials using bulk samples of Geolsec rock before we move to discussing the numbers." Mr Karpinski said

BACKGROUND TO GEOLSEC PHOSPHATE DEPOSIT

Location of the Geolsec project, just south of the port of Darwin (see Figures 1 and 2) and within a short distance to majority of Asian ports (see Figure 3) provides Geolsec project with significant advantages over phosphate producers located in Africa and the Middle East when supplying Asian, Australian New Zealand and buyers and distributors. Furthermore, Geolsec is connected to Queensland, NSW, Victoria, South Australia, and the Ord River agricultural region in WA via the national rail and highway network (see Figure 3), giving it access to all the main agricultural regions of all Australian states.

The primary markets for overseas sales of the direct application rock phosphate are Indonesia, India, and New Zealand. The primary target markets for the domestic sales of the direct application phosphate rock, ground-up phosphate rock and phosphate rock blends, are organic farmers in Queensland, Victoria, New South Wales, South Australia and WA, plantations and pastoralists around Darwin (NT), and fruit growers in Ord River area (WA).

Geolsec direct application phosphate rock has a potential to provide substantial ongoing benefits to the environment by improving soil fertility and improving nutritional quality of produce grown on fields fertilised with phosphate rock and phosphate rock products. More information about Geolsec's benefits and the benefits of direct application of phosphate rock to soils is available from Korab website at www.korabresources.com.au/geolsec

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ABOUT KORAB RESOURCES

Korab Resources Ltd is an international mining and exploration company with operations in Australia and Europe. Korab's projects include Geolsec phosphate quarry and Winchester magnesite deposit located south of Darwin in the Northern Territory and Bobrikovo gold and silver mine in Ukraine. The Company also explores for gold and copper at Ashburton Downs in Western Australia and for polymetallic deposits at Batchelor 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.

Figure 1 Geolsec 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.

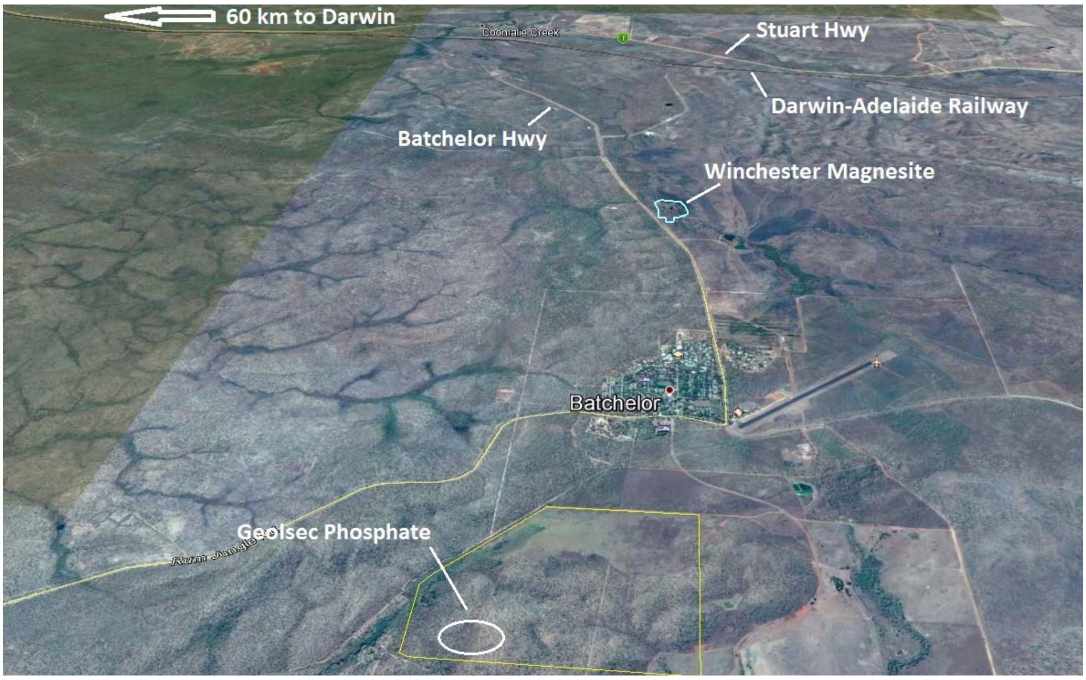

Figure 2 Geolsec deposit location relative to town of Batchelor, basic infrastructure and topography.

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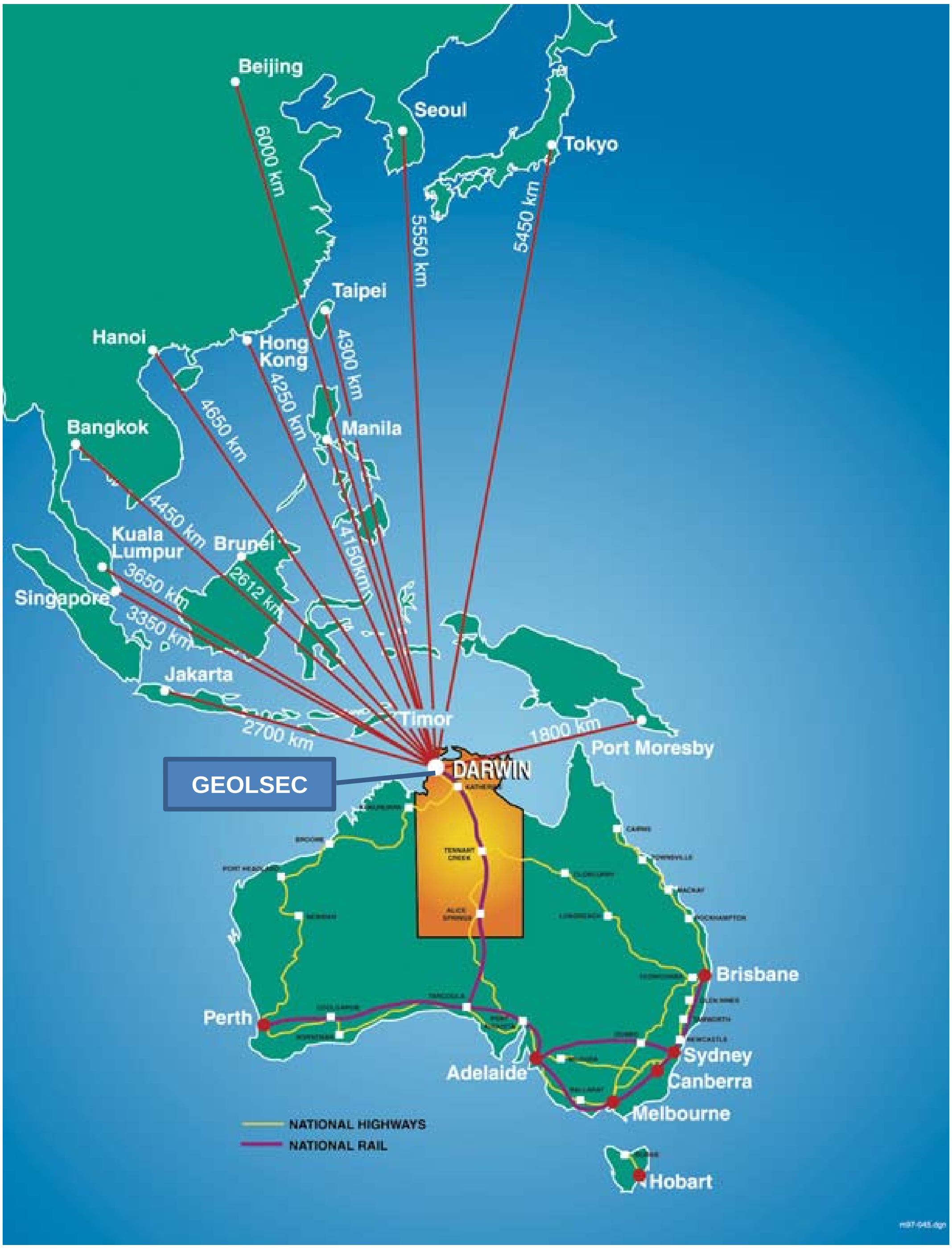

Figure 3 Strategic location of Geolsec project just 10 km by sealed road from the extensive national rail and highway network and just 80km by road or rail from Darwin port provide our quarry with excellent logistics unequalled by any other phosphate project in Australia.