



KORAB RESOURCES LIMITED

ABN 17 082 140 252

**INTERIM FINANCIAL REPORT
31 DECEMBER 2023**

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DIRECTORS' REPORT

Your directors submit the financial report for Korab Resources Limited ("Korab" or "the Company") and its subsidiaries ("consolidated entity" or "Korab Group" or "the Group") for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Andrej K. Karpinski	Executive Chairman
Anthony G. Wills	Non-Executive Director
Alicja Karpinski	Non-Executive Director

Review of Operations

Rum Jungle Project (Pine Creek, Northern Territory)

During the reporting period, the Company continued review of the lithium and Rare Earth Oxides (REO) potential of the Rum Jungle Project, which was originally announced to the ASX on 12 September 2022. The results of the review were reported following the end of the reporting period on 29 January 2024. For details please refer to the section "Events subsequent to the end of the reporting period" below.

During the reporting period, the Company continued planning of the drilling program consisting of 110-145 reverse circulation and diamond core drill holes for a total of up to 11,000- 14,000 meters which will aim to test:

- Targets resulting from the review of the lithium and Rare Earth Oxides (REO) potential of the Rum Jungle Project (for details please refer to the ASX report titled RESULTS OF NT LITHIUM & REO REVIEW dated 29 January 2024 which is available from the ASX market announcements platform);
- Nickel, silver, gold, copper, scandium, zinc, lead, and cobalt targets generated by the prior drilling programs undertaken by Korab;
- Areas within the current magnesium open pit envelope at Winchester deposit to increase the drilling density with the aim of providing data for updated mineral resource estimate;
- Areas outside the current magnesium open pit envelope with the aim of in-filling the space between the multiple lines of historical RC, diamond core, and RAB drillholes completed in the past which that were not included in the estimation of the Winchester mineral resource due to the distance between the drill lines.

Following the completion of the review of the lithium and Rare Earth Oxides, the Company can now finalise the planning of this drilling program and lodge the relevant MMP for Drilling with the Department of Industry, Tourism and Trade (DITT). This drilling program will be undertaken in stages.

During the reporting period Korab continued general exploration of Rum Jungle Project with particular focus on gold, silver, cobalt, nickel, lead, scandium, rare earth oxides (REO), lithium, and base metals. The work consisted of outcrop mapping, review of historical geochemical drill sampling and surface sampling data, assessments of proposed new drilling locations, assessments of locations for, and planning of mobile metal ion (MMI) survey, digitisation of the geochemical, geophysical and geological data from open and closed file reports, government data bases and private vendors. Korab continued review of geochemistry data including soil, rock chip, drill chip, and drill-core data on file, focusing on potential for Co, Cu, Ni, Au, Ag, Sn, Zn, Pb, and platinum group metals. The Company also continued review of radiometric data, gravity data, and high resolution 3D elevation data. The Company continued 3D modelling of historical drilling information, including geochemistry and lithology data in conjunction with petrographic and drill-core spectroscopic data. Korab also continued review of the relationship between surface geochemistry and drainage patterns derived from 3D terrain modelling undertaken by Korab.

During the reporting period, Korab's representative met with and made a presentation to US Department of Defence, Department of Commerce and US Senate Armed Services Committee members and representatives to discuss the Winchester magnesium deposit located within the Rum Jungle Project. Korab also commenced assessment of potentially locating the magnesium processing plant in US instead of the Northern Territory.

DIRECTORS' REPORT

Review of Operations (continued)

Following the end of the reporting period, Korab held further discussions with representatives of US Department of Defence. These discussions are at an early stage and no investment decision should be made on the basis of this information. Following the end of the reporting period, Winchester magnesium deposit was featured in Australian Critical Minerals Prospectus published by AUSTRADE.

In addition to the above activities, the Company continued a scoping study into production of magnesium metal from Winchester magnesium deposit using alternative technology which does not use gas, ferrosilicon, aluminium, and grid electricity.. This production method aims to avoid calcination of magnesite (converting $MgCO_3$ into $MgO + CO_2$). This in turn would remove the need to use gas and would eliminate CO_2 emissions that would otherwise result from calcination and gas burning. Winchester deposit is located within Rum Jungle Project on mining lease ML30587. The results of this scoping study are expected to be reported to the market in 2024.

During the reporting period, the Company also continued updates of previously reported pre-feasibility studies:

- The pre-feasibility study into the production and sales of DSO magnesium carbonate rock (magnesite) from Winchester quarry, which was originally reported to the market on 21 March 2018;
- The pre-feasibility study into the processing and sales of magnesium oxides (Caustic Calcined Magnesia and Dead Burned Magnesia), which was originally reported to the market on 12 September 2018; and
- The pre-feasibility study into the sales of waste products from Winchester, which was originally reported to the market on 5 April 2019.

The results of the above updates of the pre-feasibility studies are expected to be reported to the market in 2024. These results will form the basis for the selection of the general development strategy for the Winchester Magnesium Project. One of the scenarios being evaluated for the Winchester development is a 3-stage development of Winchester, where:

Stage 1 Korab Group would initially develop quarrying and sales of magnesium carbonate DSO product;

Stage 2 After the Winchester magnesium carbonate (magnesite) quarry became fully operational and a sufficient amount of suitable raw material was stockpiled, Korab Group would expand Winchester into production of various magnesium oxides (Dead Burned Magnesia, and Caustic Calcined Magnesia) using kilns owned and operated by third parties on a toll- treatment basis;

Stage 3 Finally, after implementation of Stage 1 and Stage 2, and subject to future:

1. Financial position of Korab Group;
2. Funding sources available to the Company;
3. Legislative framework (including any new legislation relating to climate change and/or emissions reduction goals); and
4. Market conditions;

Korab Group would proceed to construct own kilns and other facilities to enable in-house production of magnesium oxides and magnesium metal.

During and following the end of the reporting period Korab continued discussions with potential buyers and representatives of potential buyers of magnesium metal, magnesium carbonate rock (DSO) and of various magnesium oxides, and potential project funders. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.

During the reporting period, Korab continued to work on the MMP for the Winchester quarry. There is still a considerable amount of work to be completed before this MMP can be submitted to DITT. Korab Group is not in a position at this point in time to provide temporal guidance regarding the anticipated timing of the completion and the lodgment of this MMP.

DIRECTORS' REPORT

Review of Operations (continued)

During the reporting period, the Company applied for renewal of the mining leases MLN512, MLN513, MLN514, MLN515, MLN542, and MLN543. The Company has continued the work on planned processing of stockpiles located on mining lease MLN542 and MLN543 and restarting mining at Sundance prospect. Following the end of the reporting period, Company decided to put on hold discussions with third parties regarding toll treatment of Sundance stockpiles. Prior to any decision to commence processing of stockpiles, it will be necessary to undertake a small auger drilling program to test the grade of the remaining stockpiles of previously mined rock located at Sundance. Before any decision regarding the restarting of mining at Sundance can be made it will be necessary to undertake a small reverse circulation (RC) drilling program to test potential mineralisation at depth. The work undertaken during the reporting period at Sundance prospect included among others:

- Assessment of optimum mining methods with the focus on using vertical mining equipment;
- Assessment of stockpiled tonnage, historical grades, and grade distribution as reported by NTGS;
- Assessment of the potential additional gold mineralisation;
- Assessment of estimates of potential processing, mining, and transportation costs;
- Financial modelling for internal company purposes of economics of processing stockpiles and restarting of mining;

These assessments and modelling are still continuing.

In addition to the above activities, during the reporting period Korab continued internal assessment of the economics of the development of a small phosphate quarry at Geolsec prospect. This review is for internal Company purposes.

Bobrikovo Project (Luhansk District, Ukraine)

There were no substantive mining or exploration activities undertaken at Bobrikovo during the reporting period. Current situation in Ukraine is well known to the market from extensive media coverage. Accumulated capitalised exploration expenditure and acquisition costs of Bobrikovo Project have been written down to \$NIL at consolidation level in 2014.

Mt. Elephant Project (Ashburton Mineral Field, Western Australia)

During the reporting period, the work concentrated on E08/2757 as the tenement E08/2756 is subject to forfeiture application as previously reported to the market on 18 May 2023. Work undertaken during the period included (among others) analysing aerial photography data, 3D terrain models, and ASTER and Landsat images with the aim of finding targets for further exploration previously missed and verifying the targets previously noted. No conclusive results were generated. Additional work was done on planning a rockchip sampling program which will be necessary to improve confidence in thus far inconclusive results. Additional work was done on amending the Program of Works for drilling. During the reporting period, Korab received unsolicited expression of interest from unrelated party to establish a JV regarding the Project. These discussions were put on hold following the end of the reporting period. No commercial terms have been agreed between the parties.

Corporate

The Group reported a consolidated loss after taxation for the period of \$311,869 (2022: loss of \$312,112), primarily relating to corporate compliance and administration costs of \$306,239 (2022: \$304,712).

Events subsequent to the end of the reporting period

On 25 January 2024 the Company reported the results of the lithium and rare earth oxides review of the Rum Jungle project. For the results of the lithium and REO review and relevant reported information and diagrams, please refer to the ASX report titled RESULTS OF NT LITHIUM & REO REVIEW dated 29 January 2024 which is available from the ASX market announcements platform.

DIRECTORS' REPORT

Events subsequent to the end of the reporting period (continued)

On 29 January 2024 Korab (ASX: KOR) announced that it had received a letter from ASX stating that in ASX's opinion the Company does not comply with Listing Rule 12.1 (KOR's operations are not sufficient to warrant the continued quotation of its securities). ASX will afford KOR a period of 6 months from the date of the letter to demonstrate to ASX that it is compliant with Listing Rule 12.1. If KOR does not demonstrate its compliance with Listing Rule 12.1 to ASX's satisfaction by 29 July 2024, ASX may suspend KOR's securities from official quotation. ASX requested that by 15 July 2024 Korab makes written submissions to ASX regarding KOR's compliance with the Listing Rule 12.1 (the Submissions) in order for ASX to consider the Submissions prior to the proposed suspension date. ASX may immediately suspend KOR's securities from official quotation at any time if it has any concerns about KOR's capacity to continue its operations and meet its business objectives. If KOR's securities enter into suspension during this 6 month period for any other reason (including under Listing Rule 17.5 for the failure to lodge a period report or voluntarily under Listing Rule 17.2) KOR must provide ASX with the Submissions at the time of the suspension for ASX to consider whether reinstatement of KOR's securities is appropriate in the circumstances following lodgement of the document or report the subject of the suspension.

On 21 February 2024, the Company reported that Australian Copper Holdings Pty Ltd (ACH), a subsidiary of Australian Copper Pty Ltd, which in turn is a subsidiary of Korab, is pursuing a claim against Mining Resource Development Corporation Pty Ltd (MRDC) for \$450,000 plus interest on the basis that MRDC failed to make the payment of \$450,000 by 3 August 2016 and in doing so committed a further breach of the agreements between MRDC and ACH or repudiated the agreements by failing to be ready willing and able to complete MRDC's obligations. In May 2023 MRDC applied to the court to have the case summarily dismissed. MRDC's application was dismissed in August 2023 with the costs of application for summary dismissal awarded to ACH. MRDC indicated to ACH that it intended to appeal the dismissal of its application for summary judgment. MRDC and ACH attended a mediation conference in October 2023. MRDC filed an appeal against the dismissal of its application for summary judgment and MRDC's appeal was heard in November 2023. A District Court judge delivered a judgment in MRDC's appeal in December 2023 upholding MRDC's appeal with costs of summary application and appeal awarded to MRDC. ACH filed a notice of appeal to the Supreme Court, Court of Appeal, appealing the District Court Judge's December 2023 decision. In February 2024, ACH filed the appellants case in the Supreme Court of Western Australia. ACH's appeal is yet to be heard.

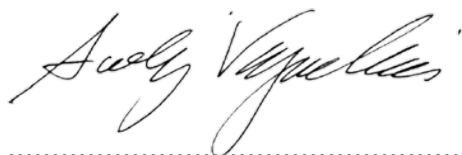
On 27 February 2024, the Company reported that its subsidiaries Australian Coper Pty Ltd and Australian Copper Holdings Pty Ltd are objecting in the Wardens court to a purported application by Ashcroft Resources Pty Ltd for exploration licence E08/3315 (the Proceedings). In the same report, the Company advised that it proposes to acquire from a related party, Rheingold Investments Corporation Pty Ltd (Rheingold), a company controlled by the Company's Executive Chairman Andrej K. Karpinski an exploration licence E08/3560 should the above objection be successful and the exploration licence E08/3560 be granted. Application for E08/3560 and purported application E08/3315 cover broadly same ground. The proposed acquisition is subject to shareholder approval should it be required by ASX. If the Company acquires exploration licence E08/3560, it will reimburse Rheingold for its reasonable out of pocket expenses incurred in the process of applying for the E08/3560 and progressing it to the grant. On 6 March 2024, the Company reported that the Warden adjourned the Proceedings for mention hearing on 6 May 2024, with no orders to cost.

No other matter or circumstance has arisen since 31 December 2023 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Armada Audit and Assurance Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3)(a) of the *Corporations Act 2001*.



.....
Andrej K. Karpinski
Executive Chairman

15 March 2024

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

KORAB RESOURCES LIMITED

As lead auditor for the review of Korab Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Korab Resources Limited and the entities it controlled during the half-year ended 31 December 2023.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

		Consolidated	
	Notes	31 December 2023 \$	31 December 2022 \$
Revenue	2	36,500	-
Finance income		54,953	52,203
Foreign exchange gain		3,393	1,593
Finance expense		(206,766)	(169,248)
Corporate compliance and administration		(306,239)	(304,712)
Occupancy costs		(17,691)	(19,250)
Contractor expenses capitalised		124,230	152,566
Conference, travel and public relations		(249)	(4,604)
Field and survey costs		-	(20,660)
Loss before income tax		(311,869)	(312,112)
Income tax expense		-	-
Loss for the half-year		(311,869)	(312,112)
Other comprehensive income for the half-year net of income tax			
<i>Items that may be reclassified to profit or loss</i>		-	-
Total comprehensive loss for the half-year		(311,869)	(312,112)
Basic and diluted loss per share (cents per share)	11	(0.08)	(0.09)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		31 December 2023	30 June 2023
	Notes	\$	\$
Current assets			
Cash and cash equivalents		63,554	112,382
Trade receivables and other financial assets		156,087	93,257
Total current assets		219,641	205,639
Non-current assets			
Trade receivables and other financial assets	13	1,269,899	1,291,382
Exploration and evaluation	3	3,269,868	3,094,682
Total non-current assets		4,539,767	4,386,064
Total assets		4,759,408	4,591,703
Current liabilities			
Trade and other payables		190,575	191,141
Loans and borrowings	9	47,500	35,000
Total current liabilities		238,075	226,141
Non-current liabilities			
Loans and borrowings	9	3,745,410	3,277,770
Total non-current liabilities		3,745,410	3,277,770
Total liabilities		3,983,485	3,503,911
Net assets		775,923	1,087,792
Equity			
Contributed equity	4	21,186,134	21,186,134
Foreign currency translation reserve		(997,078)	(997,078)
Non-controlling interest contribution reserve		(1,036,227)	(1,036,227)
Accumulated losses		(18,376,906)	(18,065,037)
Total equity		775,923	1,087,792

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Contributed Equity	Foreign Currency Translation Reserve	Non- controlling Interest Contribution Reserve	Accumulated Losses	Total Equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2023	21,186,134	(997,078)	(1,036,227)	(18,065,037)	1,087,792
Loss for the period	-	-	-	(311,869)	(311,869)
Total comprehensive loss for the period	-	-	-	(311,869)	(311,869)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-	-
Balance at 31 December 2023	21,186,134	(997,078)	(1,036,227)	(18,376,906)	775,923
Balance at 1 July 2022	21,186,134	(997,078)	(1,036,227)	(16,704,837)	2,447,992
Loss for the period	-	-	-	(312,112)	(312,112)
Total comprehensive loss for the period	-	-	-	(312,112)	(312,112)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-	-
Balance at 31 December 2022	21,186,134	(997,078)	(1,036,227)	(17,016,949)	2,135,880

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Revenue	36,500	-
Receipts from / (payments to) suppliers and employees	(110,868)	(101,774)
Interest received	13,607	1,411
Interest paid	-	(5,339)
Net cash inflows / (outflows) from operating activities	(60,761)	(105,702)
Cash flows from investing activities		
Exploration and evaluation expenditure	(60,956)	(253,226)
Net cash outflows from investing activities	(60,956)	(253,226)
Cash flows from financing activities		
Proceeds from borrowings	200,000	3,224,450
Repayment of advances from other entities	-	-
Repayment of borrowings	(127,111)	(3,067,600)
Net cash inflows from financing activities	72,889	156,850
Net (decrease) in cash and cash equivalents	(48,828)	(202,078)
Cash and cash equivalents at the beginning of the half- year	112,382	815,783
Cash and cash equivalents at the end of the half-year	63,554	613,705

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Korab Resources Limited and its subsidiaries ("consolidated entity" or "Group") during or since the end of the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of its liabilities in the normal course of business. At balance date, the Group had a deficit of current assets over current liabilities of \$18,434 (30 June 2023: deficit of \$20,502) and net cash outflows from operations for the period of \$60,761 (31 December 2022: outflows of \$105,702). The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The Group also discloses that on 29 January 2024 Korab announced that it had received a letter from ASX stating that in ASX's opinion the Company does not comply with Listing Rule 12.1 (KOR's operations are not sufficient to warrant the continued quotation of its securities). ASX will afford KOR a period of 6 months from the date of the letter to demonstrate to ASX that it is compliant with Listing Rule 12.1. If KOR does not demonstrate its compliance with Listing Rule 12.1 to ASX's satisfaction by 29 July 2024, ASX may suspend KOR's securities from official quotation. ASX requested that by 15 July 2024 Korab makes written submissions to ASX regarding KOR's compliance with the Listing Rule 12.1 (the Submissions) in order for ASX to consider the Submissions prior to the proposed suspension date. The Directors are confident that they will be able to comply with ASX Listing rule 12.1 prior to the 29th of July 2024.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

The Group has secured the deferral of debt (from directors, and external parties) and the Company's position is contingent on continued deferral of this debt. The Group may need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. The directors are confident of being able to obtain additional funding through increase in debt, raising of additional share capital (see above disclosure regarding ASX letter regarding Company's compliance with Listing Rule 12.1), or sale of assets. Should this not occur, or not occur on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Significant accounting policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2023 other than noted below.

Standards and Interpretations applicable to 31 December 2023

In the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2023.

The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to group accounting policies.

NOTE 2: REVENUE

	Consolidated	
	6 months ended	6 months ended
	31 December	31 December
	2023 (\$)	2022 (\$)
Other income	36,500	-
	<u>36,500</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months ended 31 December 2023 (\$)	12 months ended 30 June 2023 (\$)
<i>Areas of interest in the exploration and evaluation phase:</i>		
Cost at beginning of the period	4,297,951	3,942,996
Capitalised contractors' expenses	124,230	267,670
Other expenditure capitalised during the period	50,956	87,285
Cost at end of the period	4,473,137	4,297,951
Impairment provision	(1,203,269)	(1,203,269)
Carrying amount at the end of the period	3,269,868	3,094,682

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

The Directors are of the opinion that whilst the tenure of the Bobrikovo project is not affected by the current political developments in Ukraine, the uncertainty as to the future direction of the developments there makes it prudent to be conservative. The exploration and evaluation expenditure attributable to the Bobrikovo project has been written-off at consolidation level in earlier reporting periods to reflect this conservative approach.

NOTE 4: CONTRIBUTED EQUITY

	Consolidated			
	6 months ended 31 December 2023		12 months ended 30 June 2023	
	Number	\$	Number	\$
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of period	367,050,000	21,186,134	367,050,000	21,186,134
Issue of shares for cash	-	-	-	-
Share issue costs	-	-	-	-
Balance at end of period	367,050,000	21,186,134	367,050,000	21,186,134

NOTE 5: CONTINGENT ASSETS AND LIABILITIES

Australian Copper Holdings Pty Ltd (ACH), a subsidiary of Australian Copper Pty Ltd, which in turn is a subsidiary of Korab, is pursuing a claim against Mining Resource Development Corporation Pty Ltd (MRDC) for \$450,000 plus interest on the basis that MRDC failed to make the payment of \$450,000 by 3 August 2016 and in doing so committed a further breach of the agreements between MRDC and ACH or repudiated the agreements by failing to be ready willing and able to complete MRDC's obligations. In May 2023 MRDC applied to the court to have the case summarily dismissed. MRDC's application was dismissed in August 2023 with the costs of application for summary dismissal awarded to ACH. MRDC indicated to ACH that it intended to appeal the dismissal of its application for summary judgment. MRDC and ACH attended a mediation conference in October 2023. MRDC filed an appeal against the dismissal of its application for summary judgment and MRDC's appeal was heard in November 2023. A District Court judge delivered a judgment in MRDC's appeal in December 2023 upholding MRDC's appeal with costs of summary application and appeal awarded to MRDC. ACH filed a notice of appeal to the Supreme Court, Court of Appeal, appealing the District Court Judge's December 2023 decision. In February 2024, ACH filed the appellants case in the Supreme Court of Western Australia. ACH's appeal is yet to be heard.

Australian Copper Holdings Pty Ltd, and Australian Copper Pty Ltd are objecting in the Wardens court to a purported application by Ashcroft Resources Pty Ltd for exploration licence E08/3315 (the Proceedings). On 6 March 2024, the Company reported that the Warden adjourned the Proceedings for mention hearing on 6 May 2024, with no orders to cost. On 27 February 2024, the Company advised that it proposes to acquire from a related party, Rheingold Investments Corporation Pty Ltd a company controlled by the Company's Executive Chairman Andrej K. Karpinski (Rheingold), an exploration licence E08/3560 should the above objection be successful and the exploration licence E08/3560 be granted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 5: CONTINGENT ASSETS AND LIABILITIES (continued)

Application for E08/3560 and purported application E08/3315 cover broadly same ground. The proposed acquisition is subject to shareholder approval should it be required by ASX. If the Company acquires exploration licence E08/3560, it will reimburse Rheingold for its reasonable out of pocket expenses incurred in the process of applying for the E08/3560 and progressing it to the grant.

In the opinion of the directors there were no other contingent assets or liabilities that existed as at 31 December 2023 or 31 December 2022.

NOTE 6: SEGMENT REPORTING

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Executive Chairman of Korab reviews internal reports prepared such as consolidated financial statements, and strategic decisions of the consolidated entity are determined upon analysis of these internal reports. During the year the consolidated entity operated predominantly in one business segment, being the minerals exploration sector. Accordingly, under the "management approach" outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements. All non-current assets, revenue and finance income for the current and prior period have a geographical location in Australia.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

On 25 January 2024 the Company reported the results of the lithium and rare earth oxides review of the Rum Jungle project. For the results of the lithium and REO review and relevant reported information and diagrams, please refer to the ASX report titled RESULTS OF NT LITHIUM & REO REVIEW dated 29 January 2024 which is available from the ASX market announcements platform.

On 29 January 2024 Korab announced that it had received a letter from ASX stating that in ASX's opinion the Company does not comply with Listing Rule 12.1 (KOR's operations are not sufficient to warrant the continued quotation of its securities).

ASX will afford KOR a period of 6 months from the date of the letter to demonstrate to ASX that it is compliant with Listing Rule 12.1. If KOR does not demonstrate its compliance with Listing Rule 12.1 to ASX's satisfaction by 29 July 2024, ASX may suspend KOR's securities from official quotation. ASX requested that by 15 July 2024 Korab makes written submissions to ASX regarding KOR's compliance with the Listing Rule 12.1 (the Submissions) in order for ASX to consider the Submissions prior to the proposed suspension date.

ASX may immediately suspend KOR's securities from official quotation at any time if it has any concerns about KOR's capacity to continue its operations and meet its business objectives. If KOR's securities enter into suspension during this 6 month period for any other reason (including under Listing Rule 17.5 for the failure to lodge a period report or voluntarily under Listing Rule 17.2) KOR must provide ASX with the Submissions at the time of the suspension for ASX to consider whether reinstatement of KOR's securities is appropriate in the circumstances following lodgement of the document or report the subject of the suspension.

On 21 February 2024, the Company reported that Australian Copper Holdings Pty Ltd (ACH), a subsidiary of Australian Copper Pty Ltd, which in turn is a subsidiary of Korab, is pursuing a claim against Mining Resource Development Corporation Pty Ltd (MRDC) for \$450,000 plus interest on the basis that MRDC failed to make the payment of \$450,000 by 3 August 2016 and in doing so committed a further breach of the agreements between MRDC and ACH or repudiated the agreements by failing to be ready willing and able to complete MRDC's obligations. In May 2023 MRDC applied to the court to have the case summarily dismissed. MRDC's application was dismissed in August 2023 with the costs of application for summary dismissal awarded to ACH. MRDC indicated to ACH that it intended to appeal the dismissal of its application for summary judgment. MRDC and ACH attended a mediation conference in October 2023. MRDC filed an appeal against the dismissal of its application for summary judgment and MRDC's appeal was heard in November 2023. A District Court judge delivered a judgment in MRDC's appeal in December 2023 upholding MRDC's appeal with costs of summary application and appeal awarded to MRDC. ACH filed a notice of appeal to the Supreme Court, Court of Appeal, appealing the District Court Judge's December 2023 decision. In February 2024, ACH filed the appellants case in the Supreme Court of Western Australia. ACH's appeal is yet to be heard.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE (continued)

On 27 February 2024, the Company reported that its subsidiaries Australian Coper Pty Ltd and Australian Copper Holdings Pty Ltd are objecting in the Wardens court to a purported application by Ashcroft Resources Pty Ltd for exploration licence E08/3315 (the Proceedings). In the same report, the Company advised that it proposes to acquire from a related party, Rheingold Investments Corporation Pty Ltd (Rheingold), a company controlled by the Company's Executive Chairman Andrej K. Karpinski an exploration licence E08/3560 should the above objection be successful and the exploration licence E08/3560 be granted. Application for E08/3560 and purported application E08/3315 cover broadly same ground. The proposed acquisition is subject to shareholder approval should it be required by ASX. If the Company acquires exploration licence E08/3560, it will reimburse Rheingold for its reasonable out of pocket expenses incurred in the process of applying for the E08/3560 and progressing it to the grant. On 6 March 2024, the Company reported that the Warden adjourned the Proceedings for mention hearing on 6 May 2024, with no orders to cost.

No other matter or circumstance has arisen since 31 December 2023 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

NOTE 8: FINANCIAL INSTRUMENTS

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to previous reporting period. The carrying value of financial assets and financial liabilities are considered to be a reasonable approximation of their fair value.

NOTE 9: LOANS AND BORROWINGS

	31 December 2023 \$	30 June 2023 \$
<i>Current</i>		
Loans payable - related parties – unsecured (i)(ii)	47,500	35,000
	<u>47,500</u>	<u>35,000</u>
<i>Non-current</i>		
Loans payable - related parties – unsecured (i)(iii)	1,563,295	1,432,780
Loans payable - third parties – unsecured (iii)	2,182,115	1,844,990
	<u>3,745,410</u>	<u>3,277,770</u>

- (i) The terms and conditions of related party loans and borrowings are set out in Note 10, Related Party Transactions.
- (ii) The loans and borrowings are on arms-length terms and accrue interest at 12% per annum
- (iii) These loans and borrowings accrue interest at 12% per annum, are on arms-length terms, and are not payable prior to 15 March 2025.

NOTE 10: RELATED PARTY TRANSACTIONS

	Consolidated	
	6 months ended 31 December 2023 \$	6 months ended 31 December 2022 \$
Non-executive directors' fees accrued and converted to loans	11,050	22,240
Non-executive directors' fees paid and payable	<u>11,050</u>	<u>22,240</u>
Management contract fees accrued and converted to loans	179,850	179,850
Management contract fees paid and payable	<u>179,850</u>	<u>179,850</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 10: RELATED PARTY TRANSACTIONS

During a prior period, the Directors and Rheingold agreed to suspend payments of the executive services fees (management contract fees) and directors' fees. The unpaid fees are being accrued.

The balance of outstanding liabilities to Rheingold, Mr. Karpinski and his related entities at period end for loans to the parent entity and unpaid fees is \$1,203,866 at an average interest rate of 12% (30 June 2023: \$1,091,709 at an average interest rate of 12%). \$1,156,366 of the loans and unpaid fees are not payable prior to 15 March 2025. These loans and debt become payable immediately on change of control of Korab. Mr. Karpinski has not received any directors' fees from Korab or its subsidiaries since the formation of Korab in March 1998. During the reporting period, accrued directors' fees and Rheingold management contract fees were converted to loans and some of the prior year loans were repaid by Korab. Interest accrued to Rheingold, Mr. Karpinski and his related entities during the reporting period was \$65,485 (2022: \$50,327). In addition to corporate management services, Rheingold Investments Corporation Pty Ltd provides to the Company tenement management, mineral exploration, company secretarial, and accounting/bookkeeping services. The whole cost of these services is included in and fully covered by the above management contract fees.

The balance of outstanding liabilities to Mrs. Karpinski, at period end for a loan to the parent entity is US\$78,113.89 (AU\$116,072 at the applicable foreign exchange rate) (30 June 2023: US\$73,270, or AU\$112,384 at applicable foreign exchange rate) at an interest rate of 12%. The loan is not payable prior to 15 March 2025. This loan becomes payable immediately on change of control of Korab. Interest accrued to Mrs. Karpinski during the reporting period was \$7,081 (2022: \$6,745). Mrs. Karpinski does not receive any directors' fees from Korab or its subsidiaries.

The balance of outstanding liabilities to Mr. Wills at period end for loans to the parent entity and unpaid fees is \$290,857 (30 June 2023: \$263,688). The loans and unpaid fees are not payable prior to 15 March 2025. Interest accrued to Mr. Wills during the reporting period was \$16,118 (2022: \$13,118).

Mr Andrej Karpinski is a director and significant shareholder of Polymetallica Minerals Limited (formerly Uranium Australia Ltd). The balance of outstanding receivables from Polymetallica Minerals Limited at period end is \$1,320,833 (30 June 2023: \$1,279,487) at an interest rate of 8.5%. The receivable is not payable prior to 15 March 2025. The balance of outstanding receivables from Polymetallica Minerals Limited consist of funds provided by the Company to pay for tenement rents and other project related costs in relation to projects where the Company and Polymetallica have, or have had joint venture arrangements, and/or production sharing agreements, plus any accrued interest. These joint venture arrangements and/or production sharing agreements were established when Polymetallica was a subsidiary of the Company prior to Polymetallica being demerged (spun-off) from the Company. The Company has the registered security over all current and future assets of Polymetallica (without exceptions) until the debt owing to the Company and any accrued interest is repaid in full. During the half-year the Company charged Polymetallica \$54,576 (2022: \$50,792) in interest and Polymetallica repaid the Company \$13,230 (2022: \$Nil).

On 27 February 2024, the Company reported that its subsidiaries Australian Coper Pty Ltd and Australian Copper Holdings Pty Ltd are objecting in the Wardens court to a purported application by Ashcroft Resources Pty Ltd for exploration licence E08/3315 (the Proceedings). In the same report, the Company advised that it proposes to acquire from a related party, Rheingold Investments Corporation Pty Ltd (Rheingold), a company controlled by the Company's Executive Chairman Andrej K. Karpinski exploration licence E08/3560 should the above objection be successful and the exploration licence E08/3560 be granted. Application for E08/3560 and purported application E08/3315 cover broadly same ground. The proposed acquisition is subject to shareholder approval should it be required by ASX. If the Company acquires exploration licence E08/3560, it will reimburse Rheingold for its reasonable out of pocket expenses incurred in the process of applying for the E08/3560 and progressing it to grant. On 6 March 2024, the Company reported that the Warden adjourned the Proceedings for mention hearing on 6 May 2024, with no orders to cost.

Other than disclosed above there were no related party transactions during the period.

NOTE 11: BASIC AND DILUTED LOSS PER SHARE

	31 December 2023 \$	31 December 2022 \$
Basic and diluted loss per share (cents)	(0.08)	(0.09)
Loss from operations attributable to ordinary equity holders of Korab used to calculate basic and diluted earnings per share	(311,869)	(312,112)
Weighted average number of shares outstanding during the period used to calculate basic and diluted earnings per share	367,050,000	367,050,000

NOTE 12: COMMITMENTS**Lease commitments**

The office lease, which commenced on 11 August 2013, has not been extended and now continues on a month-by-month basis.

Mining tenements

	31 December 2023 \$	31 December 2022 \$
Annual expenditure commitments to maintain current rights to tenure of mining tenements	162,000	363,000
	<u>162,000</u>	<u>363,000</u>

The consolidated entity has obligations to perform minimum exploration work and to meet annual payments in respect of rent and granted tenements. These obligations may be varied from time to time subject to approval and on this basis, they are expected to be fulfilled in the normal course of operations. The Company can also meet its expenditure obligations by seeking joint venture partners, or by causing other parties to expend funds on exploration or mining, or by way of sale of all or part of an interest in a tenement, or by allowing tenements to lapse. Expenditure requirements for applications pending approval are not included.

NOTE 13: TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Non-Current Trade Receivables and Other Financial Assets include the loan of \$1,258,003 to Polymetallica Minerals Ltd.

Current Trade Receivables and Other Financial Assets include a payment of \$62,830 which was received from Polymetallica subsequent to 31 December 2023.

Korab has a registered security over all present and future assets of Polymetallica (without exceptions) until such time as the loan is repaid in full.

Polymetallica's assets include Gascoyne Project located in Western Australia which comprises three granted exploration licenses and one exploration licence application, and mineral rights to 90% of uranium and thorium within Korab's Rum Jungle Project located in the Northern Territory.

The Directors assess that no impairment of this loan is required.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the attached half-year financial statements and notes as set out on pages 9 to 19 comply with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Act 2001*; and
2. the attached half-year financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
3. as disclosed in Note 1 to the financial report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:



.....
Andrej K. Karpinski
Executive Chairman

15 March 2024

Independent Auditor's Review Report to the Members of Korab Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying Condensed Consolidated Half-Year Financial Report of Korab Resources Limited ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at half-year end from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Condensed Consolidated Half-Year Financial Report of Korab Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which notes that the Group has reported a net current asset deficit of 18,434 at 31 December 2023, this factor along with other matters disclosed in Note 1 indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realize its assets and discharge its liabilities in the ordinary course of business and at the amounts disclosed in the half year financial report. Our review conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Group are responsible for the preparation of the Condensed Consolidated Half-Year Financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Condensed Consolidated Half-Year Financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Half-Year Financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Armada Audit
& Assurance*

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Nigel Dias Director, Dated 15 March 2024, Perth Western Australia.