



Perth, 26 October 2021

Damian Dinelli  
Adviser, Listings Compliance (Perth)  
ASX Ltd

By email: ListingsCompliancePerth@asx.com.au

Dear Damian,

**RE: PRICE AND VOLUME QUERY LETTER (REFERENCE 41601)**

In response to your Price and Volume Query Letter received today, Korab Resources Limited (“Korab”, “KOR”, or “the Company”) advises the following:

1. The Company is in discussions with magnesium metal users and magnesium buyers, including car makers (Fiat and Daimler), and aluminium/magnesium alloy producers regarding potential supply of magnesium metal from Korab Group’s Winchester magnesium project located near Darwin in the Northern Territory. No commercial terms have been agreed between the parties. These discussions are incomplete. There can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. The Company is also internally assessing the use of two solar farms adjacent to the Winchester project (Batchelor 1, and Batchelor 2) that have a combined capacity of 22MW as the energy supplier to the project with the view to Winchester becoming a “zero-carbon” magnesium project. No discussions have been commenced with the owners and operators of the two solar farms pending the completion of the internal assessment.
2. The discussions mentioned above are at an early stage and are incomplete. Consequently any announcement of the details of these discussions would be premature and speculative.
3. As a further explanation to the recent trading in its securities, the Company points to:
  - a. Recent media articles and TV news stories regarding a threat of an imminent halt to global car production due to depletion of stockpiles of magnesium metal used as alloying element in production of aluminium alloys, which are then used extensively in car production. According to these articles, the shortage of magnesium metal is caused by severe cuts to magnesium production by China, which accounts for close to 90% of global magnesium metal production.
  - b. Magnesium metal price rising from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in September 2021, and \$11,000 per tonne in October 2021.

**KORAB RESOURCES LIMITED**

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- c. Korab Group having already announced to the market in various Quarterly Activity, Annual, and other reports that:
- i. Korab Group is working on the development of the Winchester magnesium deposit which is located an hour's drive from port of Darwin with access to shipping lanes to Europe, USA, and Asia.
  - ii. Winchester deposit is amenable to low cost open cut mining using blast and shovel method and has a high-grade magnesium mineral resource reported in accordance with the JORC Code (2004 Edition).
  - iii. Korab Group has received approach from third parties interested in developing the Winchester magnesium deposit as a supplier of magnesium metal. The Company is also in discussions with third parties regarding potential joint ventures, and potential provision of finance for the development of the Winchester project.
  - iv. The Company is working on the Mine Management Plan for the Winchester magnesium project with the view to having it lodged with the Northern Territory Government's Department of Industry, Tourism, and Trade as soon as it has been completed.
4. The Company is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. This response has been authorised by the Board of Directors of the Company.

Sincerely yours



Andrej K Karpinski, FAICD, FFin  
**KORAB RESOURCES LIMITED**  
**EXECUTIVE CHAIRMAN**  
**COMPANY SECRETARY**



26 October 2021

Reference: 41601

Mr Andrej Karpinski  
Company Secretary  
Korab Resources Limited

**By email**

Dear Mr Karpinski

**Korab Resources Limited ('KOR'): Price and Volume Query**

ASX refers to the following:

- A. The change in the price of KOR's securities from a low of \$0.027 at close of trade on 25 October 2021 to an intraday high of \$0.041 today.
- B. The significant increase in the volume of KOR's securities traded from 25 October 2021 to 26 October 2021.

**Request for information**

In light of this, ASX asks KOR to respond separately to each of the following questions and requests for information:

1. Is KOR aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
  - (a) Is KOR relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in KOR's securities would suggest to ASX that such information may have ceased to be confidential and therefore KOR may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
  - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
  - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that KOR may have for the recent trading in its securities?
4. Please confirm that KOR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that KOR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KOR with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10:00 AM AWST Tuesday, 26 October 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

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within the exceptions mentioned in Listing Rule 3.1A, KOR's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KOR to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in KOR's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KOR's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to KOR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KOR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

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**Damian Dinelli**  
Adviser, Listings Compliance (Perth)