



Perth, 15 January 2024

ASX Listing Compliance
Level 40, Central Park
152-158 St. George's Terrace
Perth WA 6000

Dear Madam/Sir,

RE: KORAB RESOURCES LIMITED ('KOR'): QUERY LETTER

Korab Resources Limited ("Korab" or "the Company") (ASX: KOR) refers to your letter dated 18 December 2023 (the Letter). In response to your queries, please find the following:

Information regarding mining exploration activities, and exploration costs incurred

Please find below information regarding mining exploration activities, and the exploration costs incurred for each of Korab's Projects. Part of these costs was capitalised, part was expensed, part was written-off, and part was reimbursed by third parties:

1. Winchester Magnesium Carbonate Project

1.1. Exploration

1.1.1. Between September 2020 and December 2023 the Company undertook updating geo-databases, digitising of maps, review of historical drill data, review of surface and downhole geochem, review of historical radiometric, gravity, TEMPEST, EM, IP, and magnetics data, review of ASTER and Landsat data, review of hydrology and watershed data. Review of magnesite mineralisation not classified under JORC. The work included watershed analysis, 3D digital terrain modelling, 3D modelling of all historical drilling data including geochemistry and lithology, and mapping of outcrops using drones. The work also included assessing the potential for this mineral lease to hold gold mineralisation within magnesite and within ferruginous breccia pipes similar to the setting within Sundance gold mine. Company also assessed gold, silver, lead and cobalt prospects in the southern part of the lease and cobalt prospects in the eastern part of the lease. The Company also continued collecting and analysing aerial and drone-based aerial photography. The Company also undertook estimation of potential additional magnesite mineralisation within the mineral lease for internal Company purposes. The Company also generated the base metals horizon likely to be the origin of base metals prospects reported in earlier years. The work also included assessment of several gravity anomalies proximal to strong low magnetic trends and anomalies shown in historical ground EM and IP surveys. Watershed review suggest that some of the geochemical anomalies generated by historical soil sampling are possibly secondary enrichments resulting from accumulation of fine material washed from the ridges to the south and south west of the anomalies. Further mapping and sampling are required before conclusion can be drawn as to the validity of this speculation. Northern Territory geological Survey (NTGS) reports that gold mineralisation is associated with faulting of the dolomite breccia at the contact with Whites Formation. Further review of gravity and TEMPEST

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data led to speculation that similar dolomite breccia occurs further to the east and south. This will require further work to ascertain the validity of this thesis. Government TEMPEST data indicates potential deep, west-dipping fault. This is different from the direction described in previously government and historical data which assumed the fault was dipping to the south/south-east. Further work is required before this is confirmed and conclusions may be drawn as to its impact on the mineralisation model being used. Additional work is required to evaluate significance of the gravity anomaly partially overlapping high grade zone of the Winchester magnesite deposit. High resolution gravity survey is required to allow to assess more precisely spatial correlation between weak gravity anomalies and cavitation indicated by drill logs. The Company also conducted review and planning of the geophysical surveys with the focus on FALCON airborne micro-gravity and electromagnetic survey, with the assistance of high resolution LIDAR which will be run as part of the large aerial survey program over the whole of the Korab ground at Geolsec, Bachelor, Green Alligator, Sundance, and Winchester. During the period from September 2020 to date, there were no new material definitive results generated. No new geochemical, or geophysical data was produced. All raw data utilised was either previously reported to the market, or is already in the public domain. During the period from September 2020 to date, there were no material developments, or material changes from quarter to quarter.

1.1.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of general exploration at Winchester Project was approximately \$70,120 (inclusive of GST). This expenditure was in addition to the expenditure on MMP for Winchester Magnesium Carbonate Project disclosed in sub-section 1.2.2, expenditure on the Second Scoping Study for the Winchester Magnesium Carbonate Project disclosed in sub-section 1.3.2, and expenditure on Drilling Program Planning disclosed in sub-section 1.4.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

1.2. The MMP for the Winchester Magnesium Carbonate Project

1.2.1. Korab is preparing a Mine Management Plan (MMP) to develop a magnesite quarry at Winchester Project. Between September 2020 and December 2023 the work on the MMP includes:

- 1.2.1.1. Assessment of Aboriginal sacred sites.
- 1.2.1.2. Assessment of anthropological and archaeological sites.
- 1.2.1.3. Assessment of water quality management.
- 1.2.1.4. Assessment of hazardous materials handling and management.
- 1.2.1.5. Assessment of waste water collection and treatment.
- 1.2.1.6. Assessment of waste collection and management.
- 1.2.1.7. Assessment of air quality management.
- 1.2.1.8. Assessment of particulate emissions from the quarry and management.
- 1.2.1.9. Assessment of noise emissions from the quarry and management.
- 1.2.1.10. Assessment of flora and fauna impact and management.
- 1.2.1.11. Assessment of other environmental impacts and management.
- 1.2.1.12. Assessment of impact on local traffic and management.
- 1.2.1.13. Assessment of road traffic requirements and management.

- 1.2.1.14. Assessment of the alternative locations and designs of plant, ancillary infrastructure, pit, ramps, stockpiles and access roads.
 - 1.2.1.15. Assessment of the road and rail transport to port requirements.
 - 1.2.1.16. Assessment of potentially building a railway siding or a railway spur and requirements for the rail rolling stock.
 - 1.2.1.17. Assessment of various pit and ramp designs.
 - 1.2.1.18. Assessment of various stockpiles designs and locations.
 - 1.2.1.19. Assessment of power supply and distribution.
 - 1.2.1.20. Assessment of water supply and distribution.
 - 1.2.1.21. Assessment of fuel supply, storage and distribution.
 - 1.2.1.22. Assessment of communication requirements and infrastructure.
 - 1.2.1.23. Assessment of weed management.
 - 1.2.1.24. Assessment of vehicle health and safety, washdown, maintenance and storage management.
 - 1.2.1.25. Assessment of mineralisation, geology, and estimated resources.
 - 1.2.1.26. Assessment of the potential mineralisation under proposed sites for plant, roads, auxiliary infrastructure and stockpiles.
 - 1.2.1.27. Assessment of potential cavitation under proposed locations for roads, plant, stockpiles, and auxiliary infrastructure.
 - 1.2.1.28. Assessment of mine scheduling, waste rock dumps, mine area surface water, and in-pit water management.
 - 1.2.1.29. Assessment of pre-construction enabling works.
 - 1.2.1.30. Assessment of construction phases and commissioning works.
 - 1.2.1.31. Assessment of workforce availability, local skills availability, local availability of contractors, local employment opportunities arising from the development and operation of the quarry.
 - 1.2.1.32. Assessment of site office and accommodation requirements.
 - 1.2.1.33. Assessment of internal policies and processes regarding social engagement, Aboriginal heritage protection, radiation safety management, other health and safety management, and environmental protection management.
 - 1.2.1.34. Assessment of social and economic impacts of the quarry on local community and the Northern Territory.
 - 1.2.1.35. Assessment of various monitoring programs and their management.
 - 1.2.1.36. Assessment of quarry closure and rehabilitation plan (end-of-mine and unplanned closure).
 - 1.2.1.37. Some of the above tasks have been completed, while others are still continuing. Consequently, the Company is not in a position to provide temporal guidance regarding completion of this MMP.
- 1.2.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of the MMP for the Winchester Magnesium Carbonate Project was approximately \$110,260 (inclusive of GST). This expenditure was in addition

to the expenditure on Winchester Project Exploration disclosed in sub-section 1.1.2, expenditure on the Second Scoping Study for the Winchester Magnesium Carbonate Project disclosed in sub-section 1.3.2, and expenditure on Drilling Program Planning disclosed in sub-section 1.4.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

1.3. The Second Scoping Study for the Winchester Magnesium Carbonate Project

1.3.1. Korab is conducting a scoping study which is evaluating economics of an alternative environmentally friendly production method to produce sustainable, “zero-carbon”, “green” magnesium metal together with several additional sellable “bonus” products. The Company undertook following activities between September 2020 and December 2023 in respect of this study:

- 1.3.1.1. Evaluation of the technical aspects of the alternative process to produce high-purity magnesium metal.
- 1.3.1.2. Assessment of the optimal plant layout and space requirements.
- 1.3.1.3. Assessment of reagents supply, storage and distribution.
- 1.3.1.4. Assessment of hydrogen storage and distribution.
- 1.3.1.5. Assessment of overall energy requirements.
- 1.3.1.6. Assessment of nominal and probable actual output from two solar farms located near the project.
- 1.3.1.7. Assessment of renewable energy storage options.
- 1.3.1.8. Assessment of supplementary and back-up energy sources.

All of the above activities are still continuing. Following the completion of the above activities the Company will undertake the subsequent activities:

- 1.3.1.9. Assessment of the estimated operating costs.
- 1.3.1.10. Assessment of the estimated capital expenditure requirements.
- 1.3.1.11. Some of the above tasks have been completed, while others are still continuing. The results of the Second Scoping Study for the Winchester Magnesium Carbonate Project are expected to be reported to the market in first half of 2024.

1.3.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of the Second Scoping Study for the Winchester Magnesium Carbonate Project was approximately \$35,790 (inclusive of GST). This expenditure was in addition to the expenditure on Winchester Project Exploration disclosed in sub-section 1.1.2, expenditure on the MMP for the Winchester Magnesium Carbonate Project disclosed in sub-section 1.2.2, and expenditure on Drilling Program Planning disclosed in sub-section 1.4.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

1.4. Planning of drilling at the Winchester Magnesium Carbonate Project and Batchelor/Green Alligator Project

1.4.1. As previously disclosed to the market, Korab plans to undertake a drilling campaign aimed at aggressive resource expansion at Korab Group’s Winchester magnesium deposit; drill testing of potential lithium and Rare Earth Oxides (REO) targets generated by the current review of lithium and REO potential of the Batchelor/Green Alligator Project; and following up multiple zinc, lead, gold, silver, nickel, copper and cobalt targets at Batchelor/Green Alligator Project generated

by prior drilling programs. This drilling program will consist of 110-145 reverse circulation and diamond core drill holes for a total of up to 11,000- 14,000 meters. This drilling campaign will target:

- 1.4.1.1. Areas within the current magnesium open pit envelope to increase the drilling density with the aim of providing data for updated mineral resource estimate;
- 1.4.1.2. 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 were not included in the estimation of the Winchester mineral resource due to the distance between the collars;
- 1.4.1.3. Potential lithium and REO targets generated by the current review of Korab's exploration database;
- 1.4.1.4. Nickel, silver, gold, copper, scandium, zinc, lead, and cobalt targets generated by the prior drilling programs undertaken by Korab, as well as the review of Korab's exploration database.

Planning of the drill holes targeting massive magnesite, nickel, copper, cobalt, silver, gold, zinc, and lead targets has been completed. Planning of the drill holes targeting previously reported scandium targets generated by prior Korab's drilling, and potential lithium and REE targets generated by the review of Korab's database is still continuing.

Before planning of this drilling program can be finalised and Mine Management Plan for drilling can be submitted to DITT for approval, Korab needs to complete evaluation of scandium targets, and complete the Lithium and REO review. It is expected that the planning of this drilling program will be completed following the completion of the Lithium and REO review.

- 1.4.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of the planning of this drilling program was approximately \$54,160 (inclusive of GST). This expenditure was in addition to the expenditure on Winchester Project Exploration disclosed in sub-section 1.1.2, expenditure on MMP for the Winchester Magnesium Carbonate Project disclosed in sub-section 1.2.2, expenditure on Second Scoping Study disclosed in sub-section 1.3.2, expenditure on general exploration of Batchelor/Green Alligator Project disclosed in sub-section 2.1.2 and Lithium and REE Review disclosed in sub-section 2.2.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

2. Batchelor and Green Alligator Polymetallic Project

2.1. General Exploration

- 2.1.1. Between September 2020 and December 2023 work consisted of multiple site visits, ground truthing of LIDAR, aerial photo and ASTER data, outcrop mapping using drone and aerial photography, assessments of drilling locations, assessments of locations for MMI, GPS pickups of historical drill collars and drillhole orientation. The Company also undertook compilation and digitisation of the geochemical, geophysical and geological data from open and closed file reports, government data bases and private vendors. Korab undertook a review of all 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 undertook interpretation of all geochem data with

added focus on pathfinder mineral and elemental ratios as well as a review of prior petrographic studies. The Company also reviewed and undertook further analysis of radiometric data, gravity data, and high resolution 3D elevation data. GIS work included spatial and statistical analysis of geochem data over interpreted structural data. Review of private historical gravity, EM and magnetic survey data was conducted to assess for presence of previously missed anomalies. Reinterpretation was conducted of surface geochemical data for the project in conjunction with review of local geology, this was specifically focusing on a potential for four major target groups of minerals: gold, cobalt/copper, and platinum group metals. The Company undertook for internal company purposes 3D modelling of potential additional magnesite mineralisation outside the Winchester mineral lease and the lateral extent and depth to bottom of Coomalie Dolostone outside the Winchester mineral lease. The Company undertook 3D modelling of historical drilling information, including geochemistry and lithology data in conjunction with petrographic and drill-core spectroscopic data. Korab also completed the planning of Falcon microgravity, EM and LIDAR survey. Korab also undertook more detailed assessment of the distribution of the Mt. Deane Volcanic member. Korab undertook detailed analysis of the distribution of outcrops and their relationship to EM and TEMPEST anomalies, various structural features, and 3D magnetic depths models. Korab conducted review of the relationship between surface geochemistry and drainage patterns derived from 3D terrain modelling undertaken by Korab. This review produced inconclusive results and requires further work. Historical petrological work on the MDV samples shows presence of syngenetic sulphides, and in some instances, tourmaline. Approximately one half of the area of the project is underlain by Burrell Creek Formation. Outcrops of Burrell Creek Formation are widespread on the eastern side of Stuart Highway. Further work is required to confirm the significance of these observations. Review of the data generated speculative gold, nickel and cobalt targets for further exploration work. The work included developing a model for grading exploration targets based on a value matrix combining values ascribed to localised anomalies shown in gravity, structural, radiometric, ASTER and EM data. The work also included aerial mapping of tracks and outcrops using drones. During the period Company conducted discussions with several parties regarding potential joint Ventures to explore the Batchelor/Green Alligator Project for gold, iron ore, tin and other elements. None of these discussions has yet resulted in any agreement. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached, or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. During the period from September 2020 to date, there were no new definitive material results generated. Additional work is required before the conclusive results can be released to the market. No new geochemical, or geophysical data was produced. All raw data utilised was either previously reported to the market, or is already in the public domain. During the period from September 2020 to date, there were no material developments, or material changes from quarter to quarter in Korab's mining exploration activities at Batchelor/Green Alligator Project.

- 2.1.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of general exploration at Batchelor/Green Alligator Project was approximately \$319,020 (inclusive of GST). This expenditure was in addition to the expenditure on Drilling Program Planning disclosed in sub-section 1.4.2 and expenditure on Lithium and REE Review disclosed in sub-section 2.2.2. Part of

this expenditure was paid in cash and part is included in current and non-current liabilities

2.2. Lithium and REE Review

2.2.1. Korab is working on the review of lithium and rare earth elements (REE) potential of the Batchelor/Green Alligator Project. The results of the review are expected to be reported to the market shortly. Between September 2020 and December 2023 the work on the Lithium and REE Review included:

- 2.2.1.1. Creation of data bases for geochemical and lithological data capture.
- 2.2.1.2. Review and digitising of historical operations reports from NTGS and other bodies with focus on pegmatites, quartz, carbonatites, manganese, tourmaline, tin, lithium, REO, and tungsten.
- 2.2.1.3. Review of historical reports from NTGS and other government bodies describing geochemistry and petrography of surface samples and drill samples with focus on pegmatites, quartz, carbonatites, manganese, tourmaline, tin, lithium, REE, and tungsten.
- 2.2.1.4. Mapping of pegmatite swarms, ferruginous gossans, quartz veins and other outcrops on both sides of Stuart Highway using drone and aerial photography.
- 2.2.1.5. Digitising historical maps and review of the outcropping geology.
- 2.2.1.6. Review of photogeology and petrography data in historical reports.
- 2.2.1.7. Cross-checking of co-ordinates of rock chip samples, drill hole and outcrop photography data.
- 2.2.1.8. Review and spatial analysis of geochemistry, geology, outcrops, structural data, radiometric data, gravity data, magnetic data, and multispectral data.
- 2.2.1.9. Cross-checking of co-ordinates of surface samples to validate locations of geochemical data points.
- 2.2.1.10. Review of historical drill collars, related lithology and geochemistry data in historical drill logs and extraction and validation of location data.
- 2.2.1.11. Reprojecting all data to a common co-ordinate system.

2.2.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of the Lithium and REO Review was approximately \$50,760 (inclusive of GST). This expenditure was in addition to the general exploration at Batchelor/Green Alligator Project disclosed in sub-section 2.1.2 and expenditure on planning Drilling at the Winchester Magnesium Carbonate Project and Batchelor/Green Alligator Project disclosed in sub-section 1.4.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

3. Sundance Gold Mine Project

3.1. General Exploration

3.1.1. Exploration work at Sundance Gold Mine project included review of historical surface geochemical data, outcrop mapping from aerial photography and drone photography, review of historical drill data, review of the ASTER and LANDSAT images, review of digital terrain data, watershed review and hydrology data review, geophysics (gravity, government TEMPEST data and private ground

magnetics), updating of the geo-database, review of geochemical data from historical drilling, planning of additional drilling, planning of sampling. Company reviewed the drill logs, geochemical assays, gravity, magnetics, and soil geochemistry. The Company also updated the GIS data base, and outcrop mapping and continued analysis of aerial and drone-based aerial photography. Company undertook 3D modelling of historical drilling information, including geochemical and lithology data. Further review of the gravity data highlighted faint gravity anomalies which may be associated with intrusions but which require further work. Several historical gravity anomalies were analysed proximal to anomalies reported in historical ground EM and IP surveys. All above anomalies require further investigation prior to drawing conclusions about their significance. During the period from September 2020 to date, there were no new definitive material results generated. No new geochemical, or geophysical data was produced. All raw data utilised was either previously reported to the market, or is already in the public domain. During the period from September 2020 to date, there were no material developments, or material changes from quarter to quarter.

- 3.1.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of general exploration at Sundance Project was approximately \$37,270 (inclusive of GST). This expenditure was in addition to the expenditure on work in regards to the reopening of Sundance Gold Mine disclosed in sub-section 3.2.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

3.2. Reopening of Sundance Gold Mine

- 3.2.1. Korab is working on the reopening of the Sundance gold mine. Between September 2020 and December 2023 the work on the reopening of the Sundance Gold Mine included:

- 3.2.1.1. Assessment for internal Company purposes of the remaining gold mineralisation.
- 3.2.1.2. Assessment for internal Company purposes of stockpiled ore tonnage, historical grades, and grade distribution as reported by NTGS.
- 3.2.1.3. Review of historical exploration, mining, and closure reports as reported by NTGS.
- 3.2.1.4. Review of historical geochemical data from historical sampling of the stockpiled ore.
- 3.2.1.5. 3D modelling for internal Company purposes of existing and potential additional mineralisation.
- 3.2.1.6. Assessment of optimum mining methods.
- 3.2.1.7. Assessment of water management and pit dewatering.
- 3.2.1.8. Assessment of waste and waste water supply management.
- 3.2.1.9. Assessment of fuel and energy sourcing, storage, and distribution.
- 3.2.1.10. Assessment of environmental aspects of the potential operations (water quality, particulate emissions, noise emissions, light emissions, fauna, flora, weeds).
- 3.2.1.11. Assessment of local social and economic impact.
- 3.2.1.12. Assessment of transportation requirements, availability, and impact.

- 3.2.1.13. Assessment for internal Company purposes of estimated potential mining, and transportation costs.
 - 3.2.1.14. Financial modelling for internal company purposes of reopening the mine, evaluating economics of loading, transportation, and processing of stockpiled ore, and eventual gold extraction.
 - 3.2.1.15. Assessment of availability of processing plants within trucking distance from Sundance.
 - 3.2.1.16. Discussions with potential JV partners. None of these discussions has yet resulted in any agreement. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached, or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information.
 - 3.2.1.17. Some of the above activities have been completed, while others are continuing.
- 3.2.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of the work undertaken with regards to the re-opening of the mine located at the Sundance Gold Mine Project was approximately \$47,450 (inclusive of GST). This expenditure was in addition to the expenditure on general exploration at Sundance Project disclosed in sub-section 3.1.2. Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

4. Geolsec Phosphate Project

- 4.1. Between September 2020 and June 2023 Geolsec Project was subleased to a third party and Korab's work on this project was limited during that period. Since the termination of sub-leasing agreement in June 2023, Korab's subsidiary Geolsec Phosphate Operations Pty Ltd (Geolsec) undertook review of the geochemical data as well as the radiometric and gravity data of the project with the focus on potential for base metals, phosphate, and cobalt mineralisation. The work also included additional review of historical geochemical data and various geophysical data (radiometric, magnetic and gravity) as well as assessment of the satellite images and aerial photography. Geolsec also undertook additional review of ASTER, Landsat images and magnetics as well as historical surface and downhole geochemical data to assess potential for other minerals. Review of publicly available literature and NTGS geology mapping indicates several pegmatitic intrusions into the Deport Creek Sandstone and Geolsec Formation. Results of the above reviews are promising but further work is required before conclusions may be drawn from this review. Work also included planning of the aerial surveys over this mineral lease which would include high resolution FALCON micro gravity, electromagnetics, and LiDAR to obtain more detailed digital elevation model, to pick-up any conductors at depth, and to gain better understanding of the structural and lithological controls of any potential mineralization. The proposed aerial survey would be undertaken as part of the survey of the whole of the Batchelor/Green Alligator Project. Digital elevation analysis allowed for confirmation of drainage patterns across the tenement. Following the termination of the subleasing agreement in June 2023, Geolsec commenced internal assessment of the economics of the development of a small phosphate quarry. This review is for internal Company purposes. During the period from September 2020 to date, there were no new definitive material results generated. No new geochemical, or geophysical data was produced. All raw data utilised was either previously reported to the market, or is already in the public domain. During the period from September 2020

to date, there were no material developments, or material changes from quarter to quarter in Korab's mining exploration activities at Geolsec, other than the termination of sub-leasing agreement which was reported to the market on 26 June 2023.

- 4.2. Between September 2020 and December 2023, amount incurred and payable by Korab in respect of work on Geolsec Phosphate Project was approximately \$65,480 (inclusive of GST). Part of this expenditure was paid in cash, and part is included in current and non-current liabilities.

5. Mt. Elephant Project

- 5.1. Between September 2020 and December 2023 the Company undertook multiple reviews of the historical exploration results, digitisation of historical geochemical and geophysical surveys, historical geochemical data points, structural maps, gravity maps and historical gravity and electromagnetic surveys. Geological interpretation from historical aerial and satellite imagery was also undertaken. Digital elevation modelling using Commonwealth, state and private vendor data was also undertaken. The Company also undertook interpretation of historical geophysical data with focus on potential structural controls and various conduits for mineralising fluids in proximal to ASTER anomalies. Photogeology focused on assessing structural and outcrop data for areas proximal to ASTER anomalies. Mapping was undertaken primarily utilising satellite imaging and aerial imaging. Several gossans and outcrops were mapped as well as potential intrusions which require further testing with additional high resolution gravity and EM survey and RC drilling. ASTER data analysis produced targets by overlaying hydrothermal alterations on structural and geological interpretations, magnetics, gravity, and hydrology. High resolution aeromagnetic, EM and gravity data needs to be obtained which then can be used together with Landsat and digital elevation data for the area to improve the understanding of the mineralisation system and assist in prioritising the targets. Additional work was also done on ASTER images to narrowing down the areas for on-ground exploration. Various GIS data sets were generated from review of historical reports and historical geophysical and geochemical data. Additional studies were undertaken to assess spatial extent and relationships between various anomalies and features derived from historical work. Databases were maintained and further data which was derived from work described above was added to them. Additional work was undertaken on the generation of targets for drilling using as input results of the work described above with the intent to amend the drilling program of works (POW) to undertake 31 RC drill holes lodged and approved during prior period. GIS and other databases were expanded with additional data sets. Work on ASTER, Landsat and aerial images led to definition of several speculative ASTER anomalies which require further verification before their validity can be confirmed. Work on structural data allowed better understanding of potential conduits for mineralising fluids which in turn assisted in amending primary drill target areas for a drilling program. Limitations in conducting the interpretation of surface data are associated with major drainage systems creating flood plains and restricting outcropping geology. Smearing of the local mineralogy has a significant impact on the ASTER imagery and ground interpretations. Consequently the company prepared plans for an extensive MMI, EM and VTEM programs to assist in prioritising targets and targeting areas for further exploration. The company assessed likely potential for copper mineralization by reviewing the historical metal sulphide and gold mineralization. The company also assessed examples of two unnamed copper minerals. One was a copper tungstenate, and the other a copper oxalate which are unique but widespread through much of the Ashburton and also Gascoyne. Further work analysed reworked sulphide deposits. These sulphides have been remobilized by the intrusion of dolerite dykes on the same mineralized shears resulting in sulphide rich pegmatoids. Additional work focused on swarms of dolerite dykes and gabbro

dykes which intrude throughout the area. Where the dolerite has intersected a quartz sulphide vein or intruded along the same fault as sulphides, sulphide mineralization can occur at the base of the intrusion representing a settling effect of dissolved sulphides. Additional work consisted of reviewing and assessing potential for various sulphides. Work also included assessment of several locations where both sulphide and pegmatite mineralization are present in the same fault zone. Additional work focused on Picrites and Kimberlites reported in historical reports. Further work assessed the likelihood that most of the hydrothermal anomalies generated by earlier analysis are primarily associated with sediments collected in the catchment areas of the local drainage and are therefore of little use in determining drilling targets. This was partly confirmed by the additional analysis of the gravity data in conjunction with ASTER and geochemical data from GSWA sample data base but results thus far are inconclusive and further work is required to increase confidence in this thesis. Review of aerial photography allowed for definition of additional faults and outcrops for future sampling. Additional work was done on analysing the digital terrain model for likely water flows and watershed analysis to assist in interpreting the soil geochem, drilling data and ASTER and Landsat images. The Company also used overlays of several data sets and transparencies showing spatial relationship between structural data and geophysics and geochem. Areas of K depletion associated with gravity contrast and structural features derived from 1VD interpretation provided several speculative targets which need to be evaluated further to assess their significance. Aerial and historical field mapping of these areas in government reports indicates quartz rich outcrops. In July 2023, the Company's subsidiary surrendered tenements E08/2307 and E52/2724 due to inconclusive outcomes from work to date and lack of material exploration results. The Company decided to focus on the remaining tenements E08/2756 and E08/2757 and the ground further away from historical tenement E08/2115. As a consequence, the Company applied for 6 exploration licences covering the ground to the south, east, north, west, and south-west of the project area. The Company subsequently withdrew 4 of these applications. During the period from September 2020 to date, there were no new definitive material results generated. No new geochemical, or geophysical data was produced. All raw data utilised was either previously reported to the market, or is already in the public domain. During the period from September 2020 to date, there were no material developments, or material changes from quarter to quarter in Korab's mining exploration activities at Mt. Elephant project, other than option agreement with Great Fingall Mining Company NL, extension of the option agreement, lapsing of the option agreement, forfeiture application by Ashcroft Resources Pty Ltd, forfeiture application by Andrew Hawker, expiry of tenement E08/2115, surrender of tenements E08/2307 and E52/2724, applications for 6 new exploration licences, and withdrawal of 4 of these applications, all of which events were reported to the market.

- 5.2. Between September 2020 and December 2023, Korab's expenditure on Mt. Elephant Project was approximately \$502,830 (inclusive of GST). Part of this expenditure was paid in cash and part is included in current and non-current liabilities.

All information regarding definitive material results of mining exploration activities at Company's projects, and any material changes to the Company's projects were reported to the market either in the Annual, Interim, or Quarterly Reports or, if such information was required to be reported to the market immediately, it was reported as soon as the Company became aware of the information. Results of mining exploration activities which were inconclusive or speculative, and the information which was generated for internal Company purposes, were not reported to the market.

In future, the Company will provide more comprehensive description of mining exploration activities and mining production and development activities undertaken in respect of

Company's projects during each quarterly reporting period. The Company will also provide in the quarterly report the summary of the expenditure incurred on those activities. The Company will also state clearly in the quarterly report if there were no substantive mining exploration activities or mining production and development activities in respect of Company's projects during the reporting period.

Information regarding services provided by Rheingold Investments Corporation Pty Ltd

Please find below information regarding services provided by Rheingold Investments Corporation Pty Ltd (Rheingold) to Korab.

Between September 2020 and December 2023 Rheingold provided Korab Group with following services:

- Corporate management,
- Office administration,
- Tenement management,
- Mineral exploration,
- Bookkeeping and accounting,
- Company secretarial.

Fees for all of the above services are included in, and are fully covered by the flat annual management contract fee of \$327,000 (plus GST) payable by Korab to Rheingold. This management contract fee has been disclosed in multiple Korab's Annual and Interim Reports. Korab's directors and Rheingold have during prior period agreed to suspend payments of the management contract fees. This agreement has been disclosed in multiple Korab's Annual and Interim Reports, The unpaid management contract fees are being accrued and converted to loans. Between September 2020 and December 2023, all accrued Rheingold management contract fees were converted to loans and some of the prior years' converted fees and cash loans were repaid.

Confirmations

We confirm that Korab is complying with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that Korab's responses to the questions referred to in your Letter have been authorised by Andrej K. Karpinski under the powers delegated by the Board of Directors of the Company.

Sincerely yours



Andrej K Karpinski, FAICD, FFin
KORAB RESOURCES LIMITED
EXECUTIVE CHAIRMAN



18 December 2023

Mr Andrej Karpinski
Company Secretary
Korab Resources Limited
20 Prowse Street
West Perth, Western Australia 6005

By email: akk@korabresources.com.au; akk@korab.com.au

Dear Mr Karpinski

Korab Resources Limited ('KOR'): Query Letter

ASX refers to the following:

- A. KOR's quarterly activity and cash flow report for the quarter ended 30 September 2023 released on the ASX Market Announcements Platform ('MAP') on 31 October 2023 ('**September 2023 Quarterly Report**') disclosing, amongst other things, that its current activities include the following projects:
- (i) the Winchester Magnesium Carbonate project located 2 kilometres from the regional centre of Batchelor approximately 70 kilometres south of Darwin along Stuart Highway which hosts magnesite mineralisation ('**Winchester Magnesium Carbonate Project**');
 - (ii) the Batchelor and Green Alligator Polymetallic project located near the town of Batchelor in the Rum Jungle mineral field 70 kilometres south of Darwin consisting of 2 granted exploration licenses (EL29550 and EL31341) and 8 granted mining leases (ML27362, ML30587, MLN512, MLN513, MLN514, MLN515, MLN542 and MLN543) ('**Batchelor and Green Alligator Polymetallic Project**');
 - (iii) the Sundance Gold Mine project located on granted mining leases MLN542 and MLN543 on which KOR has continued to work on re-opening the mine ('**Sundance Gold Mine Project**');
 - (iv) the Geolsec Phosphate project located on granted mining lease ML27362 ('**Geolsec Phosphate Project**');
 - (v) the Bobrikovo Gold and Silver Mine located in the Luhansk region in eastern Ukraine and hosting gold and silver mineralisation; and
 - (vi) the Mt. Elephant project located on the easternmost limit of the Mt. Elephant anomaly and consisting of 2 granted exploration licences E08/2756, E08/2757 and E08/2307 and 6 exploration licence applications ELA08/3264, ELA08/3302, ELA08/3561, E52/3872, ELA52/4205 and ELA52/4223 ('**Mt. Elephant Project**')

each a 'Project', together, the 'Projects'.

- B. KOR's annual report for the financial year ended 30 June 2023 and released on MAP on 19 October 2023 that disclosed:

"In July 2008 the Company entered into an Executive Service Agreement with Rheingold Investments Corporation Pty Ltd. Under the terms of the agreement Mr Karpinski, being the director of Rheingold Investments Corporation Pty Ltd, has agreed to provide management services to the Company at a rate of \$327,000 per annum plus GST. 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."

Winchester Magnesium Carbonate Project

C. KOR's announcement titled "Winchester Quarry Update" released on MAP on 15 July 2020 disclosing, amongst other things, that KOR would be proceeding directly to prepare and submit the Mine Management Plan ('**MMP**') to the Northern Territory Department of Primary Industry and Resources and the Northern Territory Environmental Protection Agency in relation to its Winchester Magnesium Carbonate Project.

D. KOR's quarterly activity and cash flow reports for the periods ended 30 September 2020, 31 December 2020, 31 March 2021, 30 June 2021, 30 September 2021, 31 December 2021, 31 March 2022, 30 June 2022, 30 September 2022, 31 December 2022, 31 March 2023, 30 June 2023 and 30 September 2023 released on MAP (together, the '**Quarterly Reports**'), each of which disclosed, amongst other things, the following statement or a statement of the same effect:

"Korab Group is currently working on the MMP with the aim of completing it as soon as possible."

E. KOR's quarterly activity and cash flow report for the period ended 30 September 2021 released on MAP on 1 November 2021 ('**September 2021 Quarterly Report**'), disclosing, amongst other things the following:

"as a result of the recently completed, heavily oversubscribed capital raising, the Company plans to accelerate the drilling campaign aimed at aggressive resource expansion at Korab Group's Winchester magnesium deposit. [...]"

ASX notes that similar disclosure regarding plans for the drilling program at the Winchester Magnesium Carbonate Project has been included in each subsequent quarterly activities report since the release of the September 2021 Quarterly Report. As at the date of this letter, KOR does not appear to have announced the commencement of a drilling campaign at the Winchester Magnesium Carbonate Project.

F. KOR's quarterly activity and cash flow report for the period ended 31 December 2021 released on MAP on 1 February 2022 ('**December 2021 Quarterly Report**'), disclosing, amongst other things, the following:

"During the quarter Korab commenced a second scoping study which is evaluating economics of an alternative environmentally friendly production method to produce sustainable, "zero-carbon", "green" magnesium metal together with several additional sellable "bonus" products. This method does not utilise aluminium and ferrosilicon but instead relies on the more modern technologies developed in recent years. Results of the scoping study assessing the economics of producing "zero-carbon", "green" magnesium metal using this alternative method are expected to be available for release to the market in March 2022."

ASX notes that similar disclosure regarding plans for a second scoping study for the Winchester Magnesium Carbonate Project ('**Second Scoping Study**') has been included in each subsequent quarterly activity since the release of the December 2021 Quarterly Report. KOR does not appear to have announced the outcomes of the Second Scoping Study.

Batchelor and Green Alligator Polymetallic Projects

G. KOR's quarterly activity and cash flow report for the quarter ended 30 June 2018 released on MAP on 1 August 2018 ('**June 2018 Quarterly Report**'), disclosing, amongst other things, the following:

"During the quarter Korab has progressed discussions with a third party regarding potential JV to develop any iron ore which may located (sic) within the project. Korab has also continued exploration and evaluation of this project with particular focus on gold, cobalt, base metals, and lithium bearing pegmatites."

ASX notes that similar disclosure regarding a potential joint-ventures for the Batchelor and Green Alligator Polymetallic Project has been included in each subsequent quarterly activity since the release of the June

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- 2018 Quarterly Report. KOR does not appear to have announced the entry into a joint-venture agreement for the Batchelor and Green Alligator Polymetallic Project.
- H. KOR's Quarterly Reports have included, amongst other things, the following disclosure (or a statement to the effect) that:
- "During the quarter Korab continued exploration and evaluation of Batchelor/Green Alligator Project with particular focus on gold, silver, cobalt, nickel, lead, scandium, rare earth oxides (REO), lithium, and base metals. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated."*
- I. KOR's announcement titled "Renewal of MG/EV metals licence – Lithium and REO Review", marked price sensitive and released on MAP on 12 September 2022 disclosing, amongst other things, that KOR had commenced a review of exploration data from KOR's own historical exploration programs covering EL29550 and the greater Batchelor Project. The results of the lithium and REO review at the Batchelor Project were to be reported progressively as they become available. (**'REO Review'**).
- J. KOR's quarterly activity report for the quarters ended 30 September 2022 and 31 December 2022, disclosing, amongst other things, that the results of the lithium and REO Review will be *"[...] reported progressively as they become available with initial results expected to be reported shortly"*.
- K. KOR's announcement titled "Update - Lithium/ REO Review and Mg Scoping Study" released on MAP on 29 December 2022 which disclosed, amongst other things, that KOR is continuing the review of its Lithium and REO exploitation potential of the Batchelor and Green Alligator Polymetallic Project and that *"initial results of the Lithium and REO Review are expected to be available for release to the market in early 2023."*
- L. KOR's announcement titled "Lithium & REO Review Update" released on MAP on 31 March 2023 which disclosed, amongst other things, that:
- "The Company was expecting to release the initial results of the Review in March 2023. The Company wishes to advise that as a result of the need to undertake additional verification of some of the data, the initial results of the Review will be reported to the market in April 2023."*
- M. ASX's price and volume query letter and KOR's response dated 26 April 2023 (together, the **'Price and Volume Query'**) released on MAP on the same day, which disclosed, at paragraph 3 of the Price and Volume Query that:
- "Korab Group is expecting to release shortly preliminary results of the review of the lithium and REO potential of the Batchelor/Green Alligator project... These preliminary results are expected to be released to the market in early May 2023."*
- N. KOR's quarterly activity report for the period ended 31 March 2023 released on MAP on 28 April 2023 (**'March 2023 Quarterly Report'**) disclosing, amongst other things, that:
- "Results of the lithium and REO review of the Batchelor/Green Alligator Project will be reported progressively as they become available with initial results expected to be reported in early May 2023."*
- O. KOR's June 2023 Quarterly Report that disclosed that (relevantly):
- "Results of the lithium and REO review of the Batchelor/Green Alligator Project will be reported progressively as they become available with initial results expected to be reported in August 2023."*
- P. KOR's announcement titled "Lithium & REO Review Update" released on MAP on 5 September 2023 disclosing, amongst other things, that as a consequence of the requirement to undertake further additional validation and verification of the outcrop mapping, samples and location data, the reporting of the initial results of the REO Review had been further deferred to October 2023.

Q. KOR's September 2023 Quarter Report that disclosed that (relevantly):

"Results of the lithium and REO review of the Batchelor/Green Alligator Project will be reported progressively as they become available with initial results expected to be reported in November 2023."

R. KOR's announcement titled "NT Lithium & REO Review Update" and released on MAP on 30 November 2023 that disclosed that:

"The Company wishes to advise that the initial results of the Review will be reported to the market in December 2023."

Sundance Gold Mine

S. KOR's quarterly activity report for the quarter ended 30 September 2020 released on MAP on 2 November 2020 ('**September 2020 Quarterly Report**') disclosing, amongst other things, that:

"The Company has commenced preliminary work on re-opening the Sundance gold mine located south of Darwin in the Northern Territory and on treating the rock (which has been stockpiled on the mining leases) at the processing plant owned by a third party. Discussions with third parties are ongoing but are incomplete and details are confidential. There can be no certainty that any agreement or agreements can be reached or that any agreement will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information."

ASX notes that similar disclosure regarding continuing work on re-opening the Sundance Gold Mine and discussions with third parties regarding the Sundance Gold Mine has been included in each subsequent quarterly activities report.

Mt. Elephant Project

T. KOR's quarterly activity and cash flow report for the quarter ended 30 June 2020 released on MAP on 3 August 2020, in which it disclosed, among other things, that:

"During the quarter, Korab Group, in conjunction with Great Fingall Mining Company NL (GFMC), which held the option to acquire the project (as reported to the market on 25 July 2018), continued the exploration and evaluation of the Mt. Elephant project focusing primarily on its gold and base metals potential. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated..."

Korab Group and GFMC are currently negotiating a new option agreement. Under the expired option GFMC was responsible for covering the costs associated with tenement maintenance and the exploration and evaluation work within the project accrued up to and including the date of the expiry of the option..."

Whilst GFMC was responsible for the exploration, and other costs associated with Mt. Elephant Project, Korab Group was providing exploration management and tenement management support to GFMC. GFMC is to reimburse Korab for provision of these services, as well as fully fund the third party costs associated with the exploration and management of the Mt. Elephant Project (other than the costs of defending the forfeiture application) accrued up to and including the date of the expiry of the option."

U. KOR's quarterly activity reports from the September 2020 Quarterly Report to the September 2023 Quarterly Report included disclosed (or a statement to that effect):

*"During the quarter, Korab Group continued the exploration and evaluation of the Mt. Elephant project focusing primarily on its gold and base metals potential. **No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated."***

KOR does not appear to have reported any exploration results in relation to such project to date.

Listing Rules

V. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

W. Listing Rule 5.3 which states:

A +mining exploration entity must complete a report for each quarter of its financial year and give it to ASX for release to the market at the same time as it gives its Appendix 5B for that quarter under Rule 5.5. The report must include all of the following information for the group comprising the entity and its +child entities on a consolidated basis.

5.3.1 *Details of its mining +exploration activities for the quarter, including any material developments or material changes in those activities, and a summary of the expenditure incurred on those activities. If there were no substantive mining +exploration activities during the quarter, that fact must be stated.*

5.3.2 *Details of its mining production and development activities for the quarter and a summary of the expenditure incurred on those activities. If there were no substantive mining production and development activities during the quarter, that fact must be stated.*

5.3.3 *Details of:*

- *any +mining tenements +acquired or +disposed of during the quarter and their location;*
- *the +mining tenements held at the end of the quarter and their location;*
- *any farm-in or farm-out agreements it entered into during the quarter; and*
- *the beneficial percentage interests it held at the end of the quarter in farm-in or farm-out agreements.*

5.3.4 *If the quarter is included in a period covered by a "use of funds" statement or expenditure program in the +prospectus, +PDS or +information memorandum lodged by the entity with ASX under Rule 1.1 condition 3, a comparison of the entity's actual expenditure on the individual items in the "use of funds" statement or expenditure program since the date of its admission or re-admission to the official list against the estimated expenditure on those items in the "use of funds" statement or expenditure program in the +prospectus, +PDS or +information memorandum and an explanation of any material variances.*

5.3.5 *A description of, and an explanation for, any payments to, or to an +associate of, a related party of the entity included in its Appendix 5B for the quarter.*

X. Section 12 of ASX Guidance Note 23 which states:

"ASX reviews quarterly reports after lodgement to assess the entity's compliance with Listing Rules 4.7B, 4.7C and 5.1 - 5.5 (as applicable) and the requirements in Listing Rules 12.1 and 12.2 that the entity's level of operations is sufficient, and its financial condition is adequate, in ASX's opinion, to warrant the continued quotation of its securities and its continued listing.

Request for information

Having regard to the above, ASX asks KOR to respond separately to each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. In respect of each of the following projects:

- a) Winchester Magnesium Carbonate Project;

-
- b) Batchelor and Green Alligator Polymetallic Project;
 - c) Sundance Gold Mine Project;
 - d) Geolsec Phosphate Project; and
 - e) Mt. Elephant Project.

please provide details of:

- 1.1 Mining exploration and evaluation activities on the respective project for the period commencing 20 September 2020 to the date of this letter (Relevant Period). In answering this question, please indicate where the details have been disclosed by KOR during the Relevant Period.
 - 1.2 The amount incurred and payable by KOR in respect of the mining exploration and evaluation activity on the respective projects during the Relevant Period.
 - 1.3 To the extent, the details are not provided in response to question 1.2 above, the amount incurred and payable by KOR in respect the Second Scoping Study.
 - 1.4 Services provided and payments made to Rheingold Investments Corporation Pty Ltd during the Relevant Period.
- 2. Please confirm that KOR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 - 3. 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 **9:00 AM AWST Tuesday, 16 January 2024**. 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 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**. 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, 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 sincerely

Tyson Cleghorn
Adviser, Listings Compliance (Perth)