



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

7 April 2017

PARTIALLY UNDERWRITTEN RIGHTS ISSUE TO RAISE UP TO APPROXIMATELY \$0.715 MILLION

The directors of Korab Resources Limited (ASX Code: "KOR") (**Korab**) are pleased to formally announce a partially underwritten one for six non-renounceable pro rata rights issue at an issue price of 1.9 cents per new Korab share to raise up to approximately \$0.715 million (before costs and expenses) (**Rights Issue**).

The issue price for the Rights Issue represents a discount of approximately 15% to the volume weighted average market price of Korab shares on the 5 ASX trading days on which those shares traded up to and including 6 April 2017.

The maximum number of shares to be issued under the Rights Issue is 37,632,267 (based on the undiluted share capital of Korab as at the close of trade on 6 April 2017 without taking into account the impact of rounding).

The Rights Issue is non-renounceable. This means that shareholders' right to subscribe for new Korab shares under the Rights Issue are not transferable.

Rheingold Investments Corporation Pty Ltd (an entity controlled by Executive Chairman, Andrej Karpinski) (**Underwriter**) has agreed to underwrite \$300,000 worth of shares offered under the Rights Issue for a fee equal to 1% of the funds raised under the underwritten portion of the Offer. As a result, the Rights Issue will raise a minimum amount of approximately \$300,000 (before costs and expenses), subject to the terms and conditions of the underwriting agreement. The Underwriter may engage sub-underwriters at its own cost and expense.

Proceeds from the Offer will be applied to the costs of the Offer, the Company's ongoing working capital requirements, consistent with the strategy disclosed to date and to reduce the Company's debt (currently approximately \$1.8 million). Korab's strategy includes progressing Winchester magnesite deposit towards development as a direct shipping ore quarry, securing offtake and sale agreements for Winchester magnesite quarry and exploration and evaluation of other Korab's properties. The Directors reserve the discretion in respect of this. The exact allocation of amounts will depend on how much is raised under the Offer and how much is underwritten (as the Underwriter may offset subscription monies against the debt owed to it).

Shares being offered under the Rights Issue will only be offered to registered holders of shares with registered addresses in Australia or New Zealand as at 5 pm AWST on Wednesday, 12 April 2017 (**Eligible Shareholders**).

Holders of existing options for Korab shares have been given notice of their right to exercise their options in order to be eligible to participate in the Rights Issue in respect of the shares underlying their options.

The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Act**).

Full details of the Rights Issue, including details of the underwriting, are set out in the Offer Memorandum and Appendix 3B lodged with ASX today. The Offer Memorandum will be sent to Eligible Shareholders on Wednesday, 19 April 2017.

Issued Capital

Shares: 226 mln

Options: 4 mln

Last Price: 2.2 cents

ASX: KOR
BERLIN: C6S.BE

Projects

Winchester (NT)

Magnesium carbonate
(MgCO₃)

Geolsec (NT)

Phosphate rock
(P2O₅)

Batchelor (NT)

Au, Ag, Zn, Pb, Ni, Cu, Co

Mt. Elephant (WA)

Au, Cu

Bobrikovo (UKR)

Au, Ag, Pb



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The anticipated timetable for the Rights Issue is as follows:

| EVENT | DATE |
|---|---|
| Announcement of Rights Issue – Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX | Friday, 7 April 2017 |
| Notice to Shareholders – notice of Offer sent to Shareholders containing information required by Appendix 3B | Monday, 10 April 2017 |
| Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer | Tuesday, 11 April 2017 |
| Record Date – the date for determining entitlements of Shareholders to participate in the Offer | 5:00pm AWST on Wednesday, 12 April 2017 |
| Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance | Wednesday, 19 April 2017 |
| Closing Date – the last day for receipt of Acceptance Forms | 5:00pm AWST on Monday, 1 May 2017 |
| Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis | Tuesday, 2 May 2017 |
| Shortfall notification date | Tuesday, 2 May 2017 |
| Issue date – allotment of New Shares. | Thursday, 4 May 2017. |
| Expected commencement of normal trading in New Shares on ASX | Friday, 5 May 2017 |
| Despatch of holding statements to Shareholders who accepted the Offer | Monday, 8 May 2017 |

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Korab reserves the right to amend this timetable subject to the Listing Rules and the terms of the underwriting agreement.

Korab gives notice under section 708AA(2)(f) of the Act that:

- (1) the securities being offered under the Rights Issue will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (2) as at the date of this announcement Korab has complied with the provisions of Chapter 2M of the Act as they apply to Korab and section 674 of the Act;
- (3) as at the date of this announcement there is no information that is excluded information under section 708AA(8) and (9) of the Act that has not already been disclosed to investors generally or in the Offer Memorandum and Appendix 3B lodged with ASX today;
- (4) the potential effect the Rights Issue will have on the control of Korab's undiluted share capital will depend on the extent shareholders take up their entitlements. If all shareholders take up their entitlements in full the Rights Issue will have no effect on the control of Korab. No shareholder currently has 20% or more voting power (the voting power of the current largest shareholder is 17.27%) and no shareholder will exceed 20% voting power as a result of the



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Rights Issue (as applications for shortfall in excess of entitlements will be scaled back to the extent it would cause a shareholder to exceed 20% voting power). The Rights Issue is also partially underwritten by related party, Rheingold Investments Corporation Pty Ltd (an entity controlled by Executive Chairman, Andrej Karpinski, (**Underwriter**) and if no shareholder takes up their entitlements under the Rights Issue, the Underwriter and its associates (being Andrej Karpinski and Rheingold Investments Corporation Pty Ltd as trustee for the Rubicon Superannuation Fund) took up their entitlements in full and the Underwriter took up the full underwritten amount of new shares, the number of shares held by the Underwriter and its associates would increase from 39,000,000 to 61,289,474 and the percentage of the total issued share capital of Korab controlled by the Underwriter and its associates will increase from 17.27% to a maximum of 24.71%. On 21 March 2017 the Company has called a General Meeting of Korab shareholders to be held on 28 April 2017 to approve (among others) a resolution to convert loans totalling \$471,000 to Korab shares at an issue price of 1.9 cents each. If this resolution is approved, this will result in Korab issuing 24,789,474 shares no later than 3 May 2017. This will result in the percentage of the total issued share capital of Korab controlled by the Underwriter and its associates being 22.48% if no shareholder takes up their entitlements under the Rights Issue, the Underwriter and its associates (being Andrej Karpinski and Rheingold Investments Corporation Pty Ltd as trustee for the Rubicon Superannuation Fund) took up their entitlements in full, the Underwriter took up the full underwritten amount of new shares, and the resolution to convert loans totalling \$471,000 to Korab shares at an issue price of 1.9 cents each was approved by shareholders at the General Meeting to be held on 28 April 2017.

- (5) The consequences of the potential effect on control of Korab referred to in paragraph 4 above will be an increase in the voting power of the parties referred to in those paragraphs by an amount equal to the percentage increase in their control of Korab's undiluted share capital. As a result, the maximum control that any of the parties (in this case, the Underwriter and its associates) will have post the Rights Issue is 24.71% (based on the issued share capital of Korab as at the date of this notice). However, this will only occur in the situation where no shareholders (with the exception of the Underwriter and its associates) take up their entitlements under the Rights Issue. Notwithstanding this, the Board considers that such an effect is acceptable in the circumstances as it would occur where eligible shareholders have had an equitable opportunity to participate in the Rights Issue.

Shareholders with queries concerning the Rights Issue should contact Andrej Karpinski on (08) 9474 6166.

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FOR MORE INFORMATION CONTACT:

Andrej K Karpinski, Executive Chairman - Australia: (08) 9474 6166, International: +61 8 9474 6166

ABOUT KORAB RESOURCES

Korab Resources Ltd is an international mining and exploration company with operations in Australia and Europe. Korab's projects include Winchester magnesium carbonate deposit and Geolsec phosphate rock deposit at Batchelor in the Northern Territory of Australia as well as a gold and silver deposit at Bobrikovo in eastern Ukraine. The Company also explores for cobalt, gold, copper, nickel, zinc, lead, silver and other minerals at Batchelor in the Northern Territory, and for gold and copper at Mt Elephant in Western Australia. More information about Korab's projects can be sourced from Korab's website at www.korab.com.au. Korab's shares are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse) through Equiduct electronic trading platform.

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