



Perth, 30 December 2018

Listing Compliance  
ASX Limited  
Central Perth,  
Perth WA 6000

Dear Madam,

**RE: KORAB RESOURCES LIMITED ("KOR", OR THE COMPANY): APPENDIX 5B  
QUERY**

Korab Resources Limited ("KOR" or, "the Company") refers to your letter dated 19 December 2018 and subsequent email communication amending the response deadline to 31 December 2018.

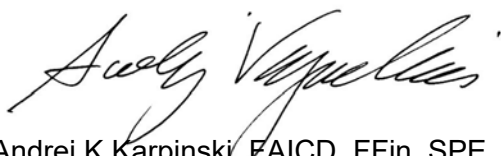
In response to your query we advise as follows:

1. KOR expects that it will continue to have negative net operating cashflow for the time being.
2. KOR has taken, and intends to take the following steps to raise further cash to fund its operations:
  - a. KOR directors have provided funds to KOR by way of loans and intend to continue providing loans to the Company as and when required.
  - b. KOR has canvassed major shareholders and other investors regarding their interest in participating in placement or, placements of KOR shares should the Company decide to undertake an issue of shares. The Company has received indications from these parties that they would be interested in participating in capital raisings should the Company decide to undertake them.
  - c. KOR is progressing towards development of its Winchester magnesium carbonate project referred to in several ASX reports including the update of the Winchester feasibility study reported on 12 September 2018 in a report titled "ADDITIONAL INFORMATION - WINCHESTER MAGNESITE FEASIBILITY STUDY UPDATE". The Company confirms that all material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the initial public report titled "ADDITIONAL INFORMATION - WINCHESTER MAGNESITE FEASIBILITY STUDY UPDATE" released to the market on 12 September 2018 continue to apply and have not materially changed.

In reference to the Winchester project, as previously reported to the market, KOR is in advanced (but incomplete) discussions with potential buyers of magnesium carbonate rock (magnesite), caustic calcined magnesia (CCM), and dead burned magnesia (DBM) regarding buyers providing the funding to KOR by way of prepayments for the future supply of magnesite, CCM and/or, DBM. These discussions are on-foot and are ongoing.

- d. Funding for exploration expenditure in respect of the Mt. Elephant/Ashburton Downs project (which constitutes the bulk of the exploration expenditure budgeted for in the December 2018 quarter in Appendix 5B lodged on 1 November 2018) is provided by a third party which holds an option to acquire the Mt. Elephant/Ashburton Downs project. Consequently, this expenditure does not affect KOR's cash position.
3. KOR expects to be able to continue its operations and to meet its business objectives on the basis outlined in Paragraph 2.
4. KOR is complying with Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. KOR's responses to the questions contained in your letter 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.

Sincerely yours

A handwritten signature in black ink, appearing to read 'Andrej Karpinski', written in a cursive style.

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



19 December 2018

Mr Andrej Karpinski  
Company Secretary  
Korab Resources Limited

By email: [akk@korabresources.com.au](mailto:akk@korabresources.com.au)

Dear Mr Karpinski

**Korab Resources Limited ('KOR'): Appendix 5B Query**

ASX refers to KOR's Appendix 5B quarterly report for the period ended 30 September 2018 lodged with ASX Market Announcements Platform on 1 November 2018 (the 'Appendix 5B').

ASX notes that KOR has reported:

- negative net operating cash flows for the quarter of \$162,000;
- cash at the end of the quarter of \$75,000; and
- estimated cash outflows for the next quarter of \$110,000.

It is possible to conclude, based on the information in the Appendix 5B that if KOR were to continue to expend cash at the rate indicated by the Appendix 5B, KOR may not have sufficient cash to continue funding its operations.

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

1. Does KOR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has KOR taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does KOR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that KOR is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
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 **6:30 AM AWST Friday, 28 December 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in KOR's securities under Listing Rule 17.3. 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.

---

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

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.

### **Listing Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 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.

### **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 to request 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 may 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*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

---

**Maria Gimik**  
Adviser, Listings Compliance (Perth)