



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Issued Capital

Issued Shares: 317 Mln
Last Price: 1.4 cents
Capitalisation: \$4 Mln

Listing Codes

ASX: KOR
BERLIN: C6S

Directors

Andrej K. Karpinski
Executive Chairman
Director

Rodney H. Skeet
Non-executive Director
(Independent)

Daniel A. Smetana
Non-executive Director
(Independent)

Anthony G. Wills
Non-executive Director
(Independent)

Projects

**Winchester
(Rum Jungle, NT)**
Magnesium carbonate
(MgCO₃)

**Batchelor
(Rum Jungle, NT)**
Au, Ag, Zn, Pb, Ni, Cu, Co, Sc,
Mn

**Geolsec
(Rum Jungle, NT)**
Phosphate rock
(P₂O₅)
(Sub-leased to third party)

**Mt. Elephant
(Ashburton, WA)**
Au, Cu
(Optioned for sale)

**Bobrikovo
(Luhansk, UKRAINE)**
Au, Ag, Zn

16 December 2019

PARTIALLY UNDERWRITTEN RIGHTS ISSUE TO RAISE UP TO APPROXIMATELY \$1.16 MILLION

The directors of Korab Resources Limited (ASX Code: "KOR") (**Korab**) are pleased to formally announce a partially underwritten one for three non-renounceable pro rata rights issue at an issue price of 1.1 cents per new Korab share to raise up to approximately \$1.16 million (before costs and expenses) (**Rights Issue**).

The issue price for the Rights Issue represents a discount of approximately 22% 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 13 December 2019.

The maximum number of shares to be issued under the Rights Issue is 105,733,161 (based on the undiluted share capital of Korab as at the close of trade on 13 December 2019 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 \$400,000 worth of shares offered under the Rights Issue for a fee equal to 1% of the underwritten portion of the Offer. As a result, the Rights Issue will raise a minimum amount of approximately \$400,000 (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 \$2 million). Korab's strategy includes progressing Winchester magnesite deposit towards development, securing offtake and sale agreements for Winchester magnesite quarry output 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 Thursday, 19 December 2019 (**Eligible Shareholders**).

There are no holders of options for Korab shares.

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 Monday, 23 December 2019.



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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	Monday 16 December 2019
Notice to Shareholders – notice of Offer sent to Shareholders containing information required by Appendix 3B	Tuesday 17 December 2019
Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer	Wednesday 18 December 2019
Record Date – the date for determining entitlements of Shareholders to participate in the Offer	5:00pm AWST on Thursday 19 December 2019
Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance	Monday 23 December 2019
Closing Date – the last day for receipt of Acceptance Forms	5:00pm AWST on Tuesday 7 January 2020
Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis	Wednesday 8 January 2020
Shortfall notification date	Wednesday 8 January 2020
Issue date – allotment of New Shares.	Friday 10 January 2020
Expected commencement of normal trading in New Shares on ASX	Monday 13 January 2020
Despatch of holding statements to Shareholders who accepted the Offer	Monday 13 January 2020

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;



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(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 18.83%) and no shareholder will exceed 20% voting power as a result of the 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 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 59,734,739 to 116,009,955 and the percentage of the total issued share capital of Korab controlled by the Underwriter and its associates will increase from 18.83% to a maximum of 31.06%. On 16 December 2019, the Company announced that it has resolved to place up to 4.5 million shares to un-related exempt investors. If the placement shares are issued in full, this will result in Korab issuing 4,500,000 shares by no later than 27 December 2019. This will result in the percentage of the total issued share capital of Korab controlled by the Underwriter and its associates being 30.69% if no shareholder takes up their entitlements under the Rights Issue, the Underwriter and its associates (being 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 4,500,000 placement shares were issued to un-related exempt investors.

(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 31.06% (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.

This announcement has been made by the order of the Board of Directors of the Company.

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

- END-

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



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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.

DISCLAIMER AND CAUTIONARY STATEMENT

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "expected", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "should", "envisage(s)" and similar expressions are intended to identify such forward-looking information. This information includes, but is not limited to statements regarding future exploration results, resources, or reserves, and production. Anyone reading this report is cautioned not to place undue reliance on these forward-looking statements. All of such statements are subject to risks and uncertainties (many of which are difficult to predict and which generally are beyond the control of the Company) that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: those relating to the interpretation of exploration results (including drill results), the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; risks relating to possible variations in reserves, grade, mining dilution, ore loss, and recovery rates; risks relating to changes in project financial and technical parameters; risks relating to the potential for delays in exploration programs, project evaluation/review, completion of feasibility studies and project development; risks related to commodity prices and foreign exchange rate fluctuations; risks related to failure to secure adequate financing on a timely basis and on acceptable terms; risks related to delays in obtaining governmental, or other permits and approvals; risks related to security of tenure; and other risks and uncertainties related to the Company's prospects, properties and business strategy. Any forward-looking information contained in this report is provided as of the date of this report. Except as required under applicable listing rules and securities laws, the Company does not intend, and does not assume any obligation, to update this forward-looking information.



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