

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

KORAB RESOURCES LIMITED

ABN

17 082 140 252

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(4)	(117)
(b) development		
(c) production		
(d) administration	(22)	(135)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		1
1.5 Interest and other costs of finance paid	(1)	(13)
1.6 Taxes paid	(6)	(30)
1.7 Other		
Net Operating Cash Flows	(33)	(294)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) tenements	(53)	(158)
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans from / (to) other entities	322	389
1.11 Loans repaid (to) / by other entities	(35)	(412)
1.12 Other		
Net investing cash flows	234	(181)
1.13 Total operating and investing cash flows (carried forward)	201	(475)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	201	(475)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		497
1.15	Proceeds from exercise of options		
1.16	Proceeds from borrowings	4	4
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - nominee shares sale proceeds received on settlement		8
Net financing cash flows		4	509

Net increase (decrease) in cash held		205	34
1.20	Cash at beginning of quarter/year to date	51	222
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	256	256

The Company has available unused loan facility of \$78,000.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans <u>from</u> the parties included in item 1.10	42
1.25	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	78	0
3.2	Credit standby arrangements	600	600

Estimated cash outflows for next quarter

4.1	Exploration and evaluation	\$A'000
		10

+ See chapter 19 for defined terms.

4.2	Development	10
4.3	Production	10
4.4	Administration	80
Total		110

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	213	8
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (term deposits)	43	43
Total: cash at end of quarter (item 1.22)		256	51

The Company has available unused loan facility of **\$78,000**.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed E 08/2115 E 08/2307 E 52/2724 E 08/2756 E 08/2757	Tenements are held by Korab's subsidiary which during the quarter issued partly paid shares constituting 75% of new fully diluted capital to a third party. This party has to meet cash calls on partly paid shares to retain them.	100%	25%
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)			

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7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	196,340,392	196,340,392		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,150,000	1,150,000	6.7 cents	6.7 cents
7.5	+Convertible debt securities (description)	Korab received an interest bearing loan of \$250,000 in December 2015. The loan will mature on 24 June 2016. The interest of \$7,000 per month and the principal on maturity can be paid in cash or in Korab shares at Korab's discretion. If Korab elects to pay the interest in shares, the number of shares will be based on the lesser of 4 cents or 20% discount to VWAP of Korab shares calculated over 7 days preceding payment of interest. If Korab elects to pay the principal in shares, the number of shares will be based on the lesser of 30% discount to VWAP of Korab shares calculated over 7 days preceding 24 December 2015 or 30% discount to VWAP of Korab shares calculated over 7 days preceding 24 June 2016. Should Korab elect to issue shares in lieu of above cash payments, it will apply for listing of these shares.			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Unlisted \$250,000 convertible interest bearing loan.			
7.7	Options (description and conversion factor)	4,000,000	nil	Exercise price 10 cents	Expiry date 28 November 2017
		1,100,000	nil	Exercise price 10 cents	Expiry date 30 June 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 14 January 2016
(Director)

Print name: Andrej K. Karpinski

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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