



KORAB RESOURCES LIMITED
RIGHTS ISSUE

OFFER MEMORANDUM

For a partially underwritten non-renounceable rights offer to Eligible Shareholders on the basis of one (1) New Share for every three (3) Shares held on the Record Date at an issue price of A\$0.011 per New Share to raise approximately A\$1.16 million

Partially underwritten by Rheingold Investments Corporation Pty Ltd (ACN 009 427 230)

CLOSING DATE: 5.00pm AWST time on Tuesday 7 January 2020

THIS OFFER BOOKLET IS AN IMPORTANT DOCUMENT AND REQUIRES IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

IMPORTANT NOTICES

Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a prospectus and does not contain all of the information which an investor may require to make an informed investment decision.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of the Company, refer to disclosures made by the Company to ASX (which are available for inspection on the ASX website at www.asx.com.au and on the Company's website at <http://www.korabresources.com.au> and seek the advice of your professional adviser.

Forward looking statements

This Offer Memorandum includes forward looking statements that have been based on current expectations about future acts, events, and circumstances. These forward looking statements are, however, subject to risks, uncertainties, and assumptions that could cause those acts, events, and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

No overseas offering

No offer is made by this Offer Memorandum in any jurisdiction outside of Australia and New Zealand. The distribution of this Offer Memorandum within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Memorandum comes should inform themselves about and observe any such restrictions. This Offer Memorandum is not an investment statement or prospectus under New Zealand law, and does not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Offer Memorandum may not be released or distributed in the United States. This Offer Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Representations and warranties

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Memorandum. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms and time

Defined terms used in this Offer Memorandum are contained in Section 7. All references to time are references to AWST unless otherwise specified.

Governing law

This Offer Memorandum, the Offer, and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer are governed by the law of Western Australia. Each Eligible Shareholder who has applied to subscribe for New Shares in accordance with this Offer Memorandum submits to the exclusive jurisdiction of the courts of Western Australia.

CHAIRMAN'S LETTER

Dear Eligible Shareholder,

On behalf of the Directors of Korab Resources Limited, I am pleased to present this Offer Memorandum and invite you to participate in a partially underwritten non-renounceable rights issue to raise approximately A\$1.16 million (before costs and expenses).

The rights issue offers you the right to take up one New Share for every three Shares you hold as at 5pm AWST on 19 December 2019 at an issue price of \$0.011 per New Share.

The rights issue provides you with an opportunity to increase your investment in the Company at an attractive price.

The issue price of the New Shares represents a discount of approximately 22% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares were traded prior to and including 13 December 2019 (being the last business day before the announcement of the rights issue) .

Rheingold Investments Corporation Pty Ltd has agreed to partially underwrite the rights issue, pursuant and subject to the terms and conditions of the Underwriting Agreement, up to \$400,000.

After payment of the costs and expenses of the Offer, and the Company's current commitments and working capital requirements, the proceeds from the Offer may be applied towards retirement of some of the Company's debt.

Please study this document carefully and seek professional advice, if necessary, to make an informed decision. All investors should be aware of the very speculative nature of mineral exploration and mining.

On behalf of the Directors I am pleased to offer Eligible Shareholders the opportunity to participate in this Offer.

Yours faithfully



Andrej K. Karpinski
Executive Chairman

West Perth, 16 December 2019

CORPORATE DIRECTORY

Directors Andrej Kazimierz Karpinski (Executive Chairman) Anthony Guinness Wills (Non-Executive Director) Rodney Henry Skeet (Non-Executive Director) Daniel Alexander Smetana (Non-Executive Director)	Registered Address Suite 1, 20 Prowse Street West Perth, WA, 6005 Australia
Company Secretary Andrej Kazimierz Karpinski	Share Registry Link Market Services Limited Level 12, QV1 Building, 250 St Georges Terrace Perth WA 6000
ASX Code: KOR	

KEY DATES

The indicative timetable for the Offer 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

*The Company reserves the right to vary the above dates subject to the Underwriting Agreement and the ASX Listing Rules.

SECTION 1: DETAILS OF THE OFFER

1. Offer

Korab Resources Limited offers each of its Eligible Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable rights issue.

Each Eligible Shareholder is entitled to subscribe for one (1) New Shares for every three (3) Shares held by that Eligible Shareholder as at the Record Date at an issue price of A\$0.011 per New Share.

The issue price of the New Shares represents a discount of approximately 22% to the volume weighted average price of Shares on the 5 days on which Shares traded up to and including 13 December 2019 (being the trading day prior to announcement of the Offer) of \$A0.0141 per Share.

If an Eligible Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded up to the nearest whole number.

The New Shares will be fully paid and will rank equally in all respects with the Company's existing Shares on issue. The Company has applied to ASX for quotation of the New Shares.

2. What is my entitlement?

The number of New Shares to which you are entitled is shown in the accompanying Application Form (**Entitlement**). You can subscribe for all, or part, of your Entitlement to New Shares. Detailed instructions on how to accept all or part of your Entitlement are set out in Section 3.

Please note that if you choose not to accept your Entitlement under the Offer your shareholding in the Company will be diluted to the extent that the Offer is taken up by other Shareholders and underwritten by the Underwriter.

3. Shortfall Shares

In addition to being able to apply for New Shares in the manner described in paragraph 2 above, Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for additional New Shares that are not subscribed for under the Offer (**Shortfall Shares**), subject to the limitations set out in Section 4.

4. Opening and closing dates

The Offer opens for receipt of acceptances on **23 December 2019**. The closing date and time for acceptances and payments is 5.00pm AWST on **7 January 2020**, subject to the Directors varying the closing date in accordance with the Listing Rules and the Underwriting Agreement.

5. Who is entitled to participate in the Offer?

Each Shareholder with a registered address in Australia or New Zealand who is registered as the holder of Shares at 5.00pm AWST on **19 December 2019** is entitled to participate in the Offer in respect of the number of Shares that person is then registered as the holder of.

Existing option holders may only participate in the Offer in respect of Shares to be issued on exercise of the options held by them if they exercise their options and are registered as the holder of the underlying Shares before the Record Date. Currently there no option holders.

6. Offer not made to Excluded Shareholders

The Company has decided that it is unreasonable to make the Offer to shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of shareholders in such places, the number and value of the New Shares they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. The number of Shares held by shareholders who have a registered address in countries outside of Australia and New Zealand as at close of trading on 13 December 2019 (the last practicable trading day prior to

announcement of the Offer) was 6,965,352 Shares. This Offer Memorandum and accompanying Application Form does not constitute an offer for securities:

- (a) to Excluded Shareholders, and the Offer Memorandum will not be sent to Excluded Shareholders; or
- (b) in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Eligible Shareholders holding Shares on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Application Form will constitute a representation that there has been no breach of such regulations. Where the Offer Memorandum is received by persons domiciled in a country outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offer, the Offer Memorandum and accompanying Application Form are provided for information purposes only.

7. Appointment of a nominee under section 615 of the Corporations Act

Korab intends to appoint a nominee, on normal commercial terms, as nominee for the sale of the entitlements that Excluded Shareholders would have been offered under the Offer had they been eligible to participate (**Excluded Shareholder Entitlements**). The appointment of a nominee will be made in accordance with section 615 of the Corporations Act and, as such, Eligible Shareholders and the Underwriter (and any applicable sub-underwriter) will be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. The nominee will have the absolute and sole discretion to determine the timing, price, and manner of sale of the Excluded Shareholder Entitlements. The net proceeds above the issue price (in Australian dollars), if any, of the sale (in Australian dollars) of the Excluded Shareholder Entitlements will be distributed to Excluded Shareholders pro rata in proportion to their respective shareholdings as at Record Date (after deducting the costs of sale and the costs of distributing the proceeds). There is no guarantee that the nominee will be able to sell the Excluded Shareholder Entitlements at a particular price and Excluded Shareholders may receive no value for their Excluded Shareholder Entitlements. Neither the Company nor the nominee will be subject to any liability for failure to sell the Excluded Shareholder Entitlements at a particular price.

8. Effect on share capital

The effect of the Offer on the capital structure of the Company will be as follows:

Shares	Number
Number on issue at 13 December 2019 (the last practicable trading day prior to announcement of the Offer)	317,199,483
Maximum number to be issued under the Offer (allowing for rounding up)	105,733,605
Maximum number on issue following the Offer	422,933,088

The figures in the table above are approximate as individual Entitlements will be rounded up to the nearest whole figure based on individual holdings held at the Record Date.

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.

9. Non-Renounceable Offer

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not taken up by Shareholders will be dealt with in accordance with Section 4 of this Offer Memorandum.

10. Underwriting

The Offer is partially underwritten by related party, Rheingold Investments Corporation Pty Ltd (an entity controlled by Executive Chairman, Mr Andrej Karpinski). By virtue of the Offer being partially underwritten, the Offer will raise approximately A\$400,000 (before expenses of the Offer), subject to the terms of the Underwriting Agreement.

As at the date of this Offer Memorandum, the Underwriter's Associates, hold 59,734,739 Shares, comprising approximately 18.83% of the Shares in the Company. The Underwriter's Associates, will have an Entitlement to 19,911,580 New Shares under the Offer in their capacity as Eligible Shareholders under the Offer. If there is a Shortfall, then subject to the terms of the Underwriting Agreement, the Underwriter is obliged to take up to 36,363,636 New Shares under the Offer.

As a result of underwriting, if the Underwriter and the Underwriter's Associates took up their Entitlements in full, no other Eligible Shareholder took up their Entitlements and the Underwriter took up the full underwritten amount of New Shares, the number of shares held by the Underwriter and the Underwriter's Associates would increase from 59,734,739 to 116,009,955 and the voting power of the Underwriter and the Underwriter's 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.

Further details of the Underwriting Agreement are set out in Section 5.

11. Issue of New Shares

The Company expects that the New Shares will be issued by no later than 10 January 2020. The issue of New Shares will only be made after permission for their quotation on ASX has been granted.

Underwritten Shares will be issued in accordance with the Underwriting Agreement and, in any event, no later than 15 Business Days after the Closing Date, so as to comply with the exception to Listing Rule 7.1 for shares issued under an underwriting agreement to an underwriter of a pro rata offer of shares.

12. Withdrawal of Offer

The Directors may, at any time before the New Shares are issued, decide to withdraw this Offer Memorandum and the offer of New Shares made under this Offer Memorandum in which case the Company will return all application monies, without interest, within 28 days of giving such notice of withdrawal.

SECTION 2: PURPOSE OF THE OFFER

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).

SECTION 3: HOW TO ACCEPT THE OFFER

1. How to take up all or part of your entitlement

To subscribe for New Shares offered to you, please complete the accompanying Application Form according to the instructions on the form for all, or that part of your Entitlement you wish to subscribe for.

You must make payment for the appropriate application monies (at A\$0.011 per New Share subscribed) as provided in paragraph 4 below.

Acceptances will not be valid if they are received after the Closing Date. Please note that all applications, once received, are irrevocable, except as permitted by law.

2. How to apply for Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Application Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Application Form. You must make payment for the appropriate application monies (at A\$0.011 per New Share subscribed) as provided in paragraph 4 below.

There is no limit on the number of Shortfall Shares that may be applied for by Eligible Shareholders in excess of their Entitlement. However, Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions and at the discretion of the Directors and subject to the Underwriting Agreement.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

3. Lapse of Rights

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shortfall.

4. Payment

Payments must be made by 5.00pm AWST on 7 January 2020 and must be made in Australian currency and by:

- a) cheque drawn on and payable at any Australian bank;
- b) bank draft drawn on and payable at any Australian bank; or
- c) Electronic Funds Transfer (EFT) direct to the Company.

Application Forms, together with a cheque or bank draft for the appropriate application monies (at A\$0.011 per New Share subscribed) must be sent to the Company at the address shown in the table below so that they reach the Company by no later than 5.00pm AWST time on 7 January 2020. Cheques or bank drafts must be made payable to 'Korab Resources Limited Share Issue Account' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided. Alternatively, funds may be transferred for the appropriate application monies (at A\$0.011 per New Share subscribed) by EFT to 'Korab Resources Limited Share Issue Account', BSB: 086 006 Account Number: 811101294 citing your Sequence/Reference Number (as shown on your personalised application form) as the reference information, and enclosing a copy of the funds transfer confirmation page with the completed Application Form and sending to the address shown in the table below. If you pay by EFT, you may forward a scan of the duly completed Application Form together with the scan of the payment receipt/confirmation to the email address as shown in the table below. It is your responsibility to ensure that funds transferred by EFT are received by the Closing Date.

Postal Address:	Street Address:	By Email:
PO Box 1958 West Perth, WA, 6872	Suite 1, 20 Prowse Street West Perth WA 6005	shares@korab.com.au

5. Binding nature of applications

Cooling-off rights do not apply to an investment in New Shares. You cannot, except as permitted by law, withdraw your application for New Shares once it has been received. A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Memorandum and, once lodged, cannot be

withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend, or complete the Application Form is final.

6. Declarations

By completing and returning your Application Form along with your cheques, bank draft or making a payment by EFT, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder;
- (b) acknowledged that you have fully read and understood both this Offer Memorandum and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Memorandum and the Application Form;
- (c) agreed to be bound by the terms of the Offer, the provisions of the Offer Memorandum and the Company's constitution;
- (d) authorised the Company to register you as the holder of the New Shares and Shortfall Shares (if any) allotted to you;
- (e) declared that all of the details and statements in the Application Form are complete and accurate;
- (f) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledged that once the Company receives your Application Form or any payment of application monies via EFT you may not withdraw your application for funds provided except as allowed by law;
- (h) agreed to apply for and be issued up to the number of New Shares and Shortfall Shares (if any) specified in the Application Form, or for which you have submitted payment of any application monies via EFT, at the issue price of A\$0.011 per New Share;
- (i) authorised the Company, its Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and any Shortfall Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Application Form;
- (j) declared that you were a registered holder(s) at the Record Date of the Shares indicated in Application Form as being held by you on the Record Date;
- (k) represented and warranted that you are a resident of Australia or New Zealand;
- (l) acknowledged that the information contained in this Offer Memorandum and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) acknowledged that this Offer Memorandum is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) acknowledged that investments in the Company are subject to risk;
- (o) acknowledged that none of the Company or its related bodies corporate, affiliates or directors, officers, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (p) agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;

- (q) authorised the Company to correct any errors in your Application Form or other form provided by you;
- (r) represented and warranted that the law of any place does not prohibit you from being given this Offer Memorandum and the Application Form, nor does it prohibit you from making an application for New Shares or, if applicable, Shortfall Shares;
- (s) represented and warranted that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is resident in Australia or New Zealand, and you have not sent this Offer Memorandum, the Entitlement and Acceptance Form or any information relating to the Offer to any person who is not a resident of Australia and New Zealand.

SECTION 4: SHORTFALL SHARES

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Directors reserve the right to issue Shortfall Shares to applicants at their absolute discretion, subject to the Underwriting Agreement.

If the Company receives applications for Shortfall Shares that would result in the Offer being oversubscribed then the Company will not accept such oversubscriptions and will reject or scale back applications at its discretion.

Any Shortfall Shares will, in accordance with the Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Offer.

The Company will not issue Shortfall Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.

The Directors reserve the right, subject to the Underwriting Agreement, to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

SECTION 5: UNDERWRITING

Pursuant to the Underwriting Agreement the Underwriter (an entity controlled by Executive Chairman Andrej Karpinski) has agreed to partially underwrite the Offer, up to \$400,000.

Subject to the Underwriting Agreement, the Underwriter may use the debt owed by the Company to the Underwriter (see Section 2) to offset the subscription monies for any part, or all of the, underwritten portion of the Offer. This will result in the Company being able to reduce the debt owed by it to the Underwriter by an equivalent amount instead of receiving cash.

Upon completion, the Underwriter will receive an underwriting fee of 1% of the funds under the underwritten portion of the Offer.

The Underwriter may appoint sub-underwriters on terms consistent with the Underwriting Agreement, and any fees payable to the sub-underwriters will be for the account of the Underwriter.

The Company has given warranties, covenants, and indemnities in favour of the Underwriter which are usual for agreements of this kind.

The Underwriter may terminate its obligations under the Underwriting Agreement at any time before the underwritten securities are issued and allotted if the Underwriter becomes aware of the happening of any one or more of the following events:

- a) **(ASX approval)** approval is refused or not granted, other than subject to customary conditions, for the official quotation of all of the New Shares on ASX or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before the issue of any New Shares; or
- b) **(withdrawal)** the Company withdraws or terminates the Offer; or
- c) **(repayment)** any circumstance arises after lodgement of the Offer Memorandum that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their application money; or
- d) **(compliance with regulatory requirements)** a material contravention by the Company or any of its related bodies corporate of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- e) **(Offer to comply)** any aspect of the Offer does not comply in a material way with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- f) **(breach)** the Company breaches any of its obligations under the Underwriting Agreement;
- g) **(material contract breach)** any person commits a substantial breach of a material contract;
- h) **(representations and warranties)** any representation or warranty contained in this agreement on the part of the Company is not true or correct;
- i) **(prescribed occurrence)** an event specified in section 652C(1) or section 652C(2) of the Corporations Act, but replacing “target” with “Company”; or
- j) **(timetable)** an event specified in the Timetable is delayed for more than 5 Business Days other than as the direct result of actions taken by the Underwriter (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter’s prior consent).

Shareholder approval will not be sought for the underwriting arrangements with the Underwriter.

Under Chapter 2E of the Corporations Act, the giving of a financial benefit to a related party requires shareholder approval unless an exception applies. The issue of Shortfall Shares and payment of the underwriting fee of 1% to the Underwriter constitute the giving of a financial benefit to a related party, as the Underwriter (Rheingold) is an entity controlled by Executive Chairman, Mr Andrej Karpinski. However, the Directors other than Mr Karpinski consider that the exception in section 210 of the Corporations Act applies. That exception provides that shareholder approval is not required for the giving of a financial benefit on terms that:

- a) Would be reasonable in the circumstances if the company and related party were dealing at arm’s length; or
- b) Are less favourable to the related party than the terms referred to in (a) above.

Further, Shareholder approval will not be sought for the purposes of Listing Rule 10.11, as the issue of Shortfall Shares to the Underwriter under the Underwriting Agreement will come within Exception 2 of Listing Rule 10.12 (which provides that shareholder approval is not required to issue securities to a related party where the entity receives the securities under an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in the offer documents sent to shareholders).

SECTION 6: FURTHER INFORMATION

If you have any questions about your entitlement to New Shares, please contact either:

- a) Andrej Karpinski on (08) 9474 6166; or
- b) your stockbroker or professional adviser.

SECTION 7: DEFINED TERMS

In this Offer Memorandum, the following words have the following meanings unless the context requires otherwise:

A\$	Australian Dollars.
Application Form	the personalised entitlement and acceptance form accompanying this Offer Memorandum.
ASX	Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
Board	the board of Directors of the Company.
Business Day	has the meaning given in the Listing Rules.
Closing Date	the last date for accepting the Offer, being 5.00pm AWST on 7 January 2020 (or such other date determined by the Directors in accordance with the Underwriting Agreement and the Listing Rules).
Company or Korab	Korab Resources Limited (ACN 082 140 252).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of Korab Resources Limited.
Eligible Shareholder	a registered holder of Shares with a registered address in Australia or New Zealand at the Record Date.
Entitlement	as defined in paragraph 2 of Section 1.
Excluded Shareholder	a registered holder of Shares on the Record Date with a registered address in a country outside of Australia and New Zealand.
Listing Rules	the official listing rules of ASX Limited.
New Share	a Share to be issued pursuant to this Offer Memorandum at A\$0.011 per Share.
Offer	the offer made under this Offer Memorandum of one (1) New Share for every three (3) Shares held by a Shareholder on the Record Date.
Offer Memorandum	this memorandum under which the Offer is being made.
Record Date	5.00pm AWST on 19 December 2019.
Share	a fully paid ordinary share in the capital of the Company.
Shortfall Shares	means those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.
Underwriter	Rheingold Investments Corporation Pty Ltd (ACN 009 427 230).
Underwriter's Associates	Andrej Kazimierz Karpinski and Rheingold Investments Corporation Pty Ltd as trustee for the Rubicon Superannuation Fund.
Underwriting Agreement	the agreement of that name made between the Company and the Underwriter dated 15 December 2019.
AWST	Australian Western Standard Time.

Applications together with confirmations of electronic funds transfers, or cheques should be sent to:

Korab Resources Limited
PO Box 1958
West Perth WA 6872

Or delivered in person to:

Korab Resources Limited
Suite 1, 20 Prowse Street, West Perth WA, 6005

Or emailed to:

shares@korab.com.au

Please ensure you submit the correct amount and allow sufficient time for your application to be received by Korab Resources Limited by 5:00pm AWST on **7 January 2020**.

Incorrect payments may result in your application being rejected.

Telephone number where we may contact you during business hours. (_____) _____

Contact Name: _____

Offer Closes at 5:00pm AWST, 7 January 2020

Please note:

- Details of this Offer are contained in the attached Offer Memorandum. You should read it carefully in its entirety.
- Payments may only be made in Australian dollars by electronic funds transfer (EFT), or cheque, or bank draft and drawn on an Australian branch of a financial institution.
- Electronic Fund Transfers should be sent to:
Bank: Nab Limited
Bank address: 100 St. George's Terrace, Perth, WA, 6000, Australia
A/c name: Korab Resources Ltd Share Issue
BSB: 086-006
A/c number: 81110-1294
SWIFT: NATAAU3303M
Payment Reference: **[reference]**
- Cheques or bank drafts are to be made payable to: "**Korab Resources Limited**" and crossed Not Negotiable.
- Cheques will be deposited on their day of receipt. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Receipts for payment will not be issued.
- **Korab Resources Limited may reject any application submitted for this offer, in its absolute discretion and subject to Underwriting Agreement**, or if this form is not completed in accordance with this offer, or is incomplete or if the correct amount payable is not tendered with this form.
- Receipt by Korab Resources Limited of this form duly completed, together with the full subscription amount, will constitute irrevocable acceptance in accordance with the terms and conditions of this Offer and the constitution of Korab Resources Limited by the shareholder named on this form. A signature on this form is not required.
- **This offer is non renounceable.**

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding this Offer or how to deal with this Offer, please contact your stockbroker or professional adviser or the following:

Mr. Andrej Karpinski
Executive Chairman
Korab Resources Limited
Telephone: +61 8 9474 6166
Email: information@korabresources.com.au