



KORAB RESOURCES LIMITED
AND CONTROLLED ENTITIES

ABN 17 082 140 252

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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CORPORATE DIRECTORY

DIRECTORS

Andrej K. Karpinski (Executive Chairman)
Anthony G. Wills (Non-Executive Director)
Alicja Karpinski (Non-Executive Director)

COMPANY SECRETARY

Andrej K. Karpinski

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SECURITIES EXCHANGE LISTING

Securities of Korab Resources Limited are listed on ASX Limited
(securities code KOR: shares)

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity, being Korab Resources Limited ("Korab" or "Company") and its subsidiaries ("consolidated entity" or "Group"), at the end of and for the year ended 30 June 2023. Korab Resources Limited is a listed public company incorporated and domiciled in Australia.

(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|-------------|-------------|
| Loss after taxation (\$ million) | (1.360) | (0.612) | (0.531) | (0.261) | (0.543) |
| Basic and diluted loss per share (cents per share) | (0.37) | (0.17) | (0.16) | (0.08) | (0.18) |
| Share price at year end (cents per share) | 2.2 | 1.6 | 1.2 | 0.8 | 2.6 |

DIRECTORS

The names and details of the Company's Directors in office at any time during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

It is with great sadness that Korab announced that a Non-Executive Director, Rodney Skeet, passed away suddenly on Monday 5 December 2022. Rodney was appointed as a Non-Executive Director of Korab on 4 November 2002 and he held this position for over 20 years greatly contributing to Korab's evolution and growth. He was instrumental in listing Korab on the ASX. Over the years he has provided to the Company his strategic planning skills, his expertise in resources financing, as well as his broad network of international contacts and friends within business, mining, securities and government sectors. Rodney's background was in commodities financing and investment banking. During his career spanning several decades he held senior positions with financial institutions in the UK and USA including Phillip & Lion, IndoSuez, Credit Agricole, Rudolf Wolf and Brody White, Inc. Prior to joining Korab he held the position of vice president of Dean Witter-Morgan Stanley Group in New York, USA.

Executive Chairman, Andrej Karpinski commented: "On behalf of the Board, I wish to extend our sincerest and heartfelt condolences to Rodney's family and everyone who was privileged enough to know Rodney as we did. His death is devastating to everyone at Korab. We greatly admired and respected Rodney not just for his many accomplishments, and his commitment to Korab, but also for his endearing humility and kindness."

**Andrej K. Karpinski, FAICD, F Fin (Executive Chairman)
Appointed April 1998**

Responsibilities: Mr. Karpinski is responsible for business development, all capital raisings, investor relations, ASX liaison, risk identification and management, strategic direction and financial management of the Company, performance evaluations and corporate governance.

Qualifications: Mr. Karpinski's background is in mining, investment banking, commodities trading and funds management. He has held senior positions with Australian and international companies operating in mining and exploration, oil and gas, corporate finance, commodities trading and funds management. He brings to the Company his network of Australian and international contacts within the resources and securities sectors, his administrative skills and his expertise in project evaluation and sourcing, financial risk management, treasury management, project financing and resources banking. Mr. Karpinski is a Fellow of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia and a Professional Member of the Society of Petroleum Engineers. Mr. Karpinski is the founder of Korab Resources Limited and he has been its Executive Chairman since March 1998 when the Company was incorporated.

Other Directorships: During the past three years Mr Karpinski has not held any other listed company directorships. Mr Karpinski is a director of unlisted public company Polymetallica Minerals Limited.

Shareholding: Mr. Karpinski's related parties hold 59,734,739 shares in Korab Resources Limited

DIRECTORS' REPORT (Continued)

Anthony G Wills (Non-Executive Director)
Appointed May 2015

Responsibilities: Mr. Wills brings to the Company experience in strategic planning, operations, security and risk management, communications, public relations and foreign affairs gained over his 30-year career.

Qualifications: Mr. Wills' background is in defence, finance, and mining. Most recently, Mr Wills has been involved for over 20 years in the finance industry. Prior to that he served for 20 years in the Australian Defence Force, including 10 years in the Specials Forces serving with the SAS Regiment. Mr. Wills also brings to the Company his extensive network of Australian and overseas contacts established through his involvement with the United Nations and its various missions. Mr Wills is a Member of the Australian Institute of Company Directors and a Senior Associate of the Financials Services Institute of Australasia. Mr. Wills continues his longstanding involvement with the SAS Regiment through his ongoing work for the SAS Resources Fund.

Other Directorships: During the past three years Mr Wills has not held any other listed company directorships. Mr. Wills is a director of unlisted public company Polymetallica Minerals Limited.

Shareholding: Mr. Wills and his related entities do not hold any shares in Korab Resources Limited

Alicja Karpinski (Non-Executive Director)
Appointed 6 December 2022

Responsibilities: Mrs Karpinski has contributed her corporate social responsibility skills, as well as her know-how of social, environmental, diversity, and sustainability issues.

Qualifications: Mrs Karpinski has over 30 years' experience in the mining industry, corporate finance, commodities trading, and health industry. Alicja completed Master of Law and Public Administration coursework at the University of Warsaw, Poland

Other Directorships: During the past three years Mrs Karpinski has not held any other listed company directorships. Her other directorships include Polymetallica Minerals Limited and Rheingold Investments Corporation Pty Ltd.

Shareholding: Mrs. Karpinski's related parties hold 59,734,739 shares in Korab Resources Limited.

Rodney H. J. Skeet (Non-Executive Director)
Appointed November 2002 (passed away 5 December 2022)

Responsibilities: Mr. Skeet contributed his resources financing skills as well as his investment banking and resources sector contacts.

Qualifications: Mr. Skeet's background is in commodities financing and investment banking. During his career spanning 40 years he has held senior positions with financial institutions in the UK and USA including Phillip & Lion, IndoSuez, Credit Agricole, Rudolf Wolf and Brody White, Inc. His most recent position was as vice president with Dean Witter-Morgan Stanley Group in New York. He brings to the Company his broad network of international contacts within resources and securities sectors and his expertise in resources financing.

Other Directorships: During the past three years Mr Skeet has not held any other listed company directorships.

Shareholding: Mr. Skeet held 569,238 shares in Korab Resources Limited at the date his directorship ceased.

DIRECTORS' REPORT (Continued)

COMPANY SECRETARY

Mr Andrej Karpinski was appointed Company Secretary in March 1998. Mr Karpinski (FAICD, F Fin) has 25 years' experience in the position of Company Secretary.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration and the evaluation of mineral properties. There were no significant changes in the nature of these activities during the financial year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the reporting period (2022: Nil).

OPERATING RESULTS

The Company reported a consolidated loss after taxation for the period of \$1,360,200 (2022: loss of \$611,654), primarily relating to corporate compliance and administration costs of \$650,112 (2022: \$620,404), finance expense of \$354,176 (2022: \$317,549), and exploration expenditure impairment of \$652,591 (2022: \$Nil).

FUTURE DEVELOPMENTS

Likely future developments in the operations of the Company are referred to in the Directors' Report. The directors are of the opinion that further information as to likely developments in the operations of the consolidated entity would prejudice the interests of the consolidated entity and accordingly it has not been included.

REVIEW OF OPERATIONS

WINCHESTER MAGNESIUM PROJECT (RUM JUNGLE MINERAL FIELD, NT)

Scoping Study and Update of Pre-Feasibility Studies

During the reporting period Korab continued a scoping study which is evaluating economics of an environmentally friendly production method to produce sustainable, "zero-carbon", "green" magnesium metal together with several additional sellable "bonus" products.

The production method being evaluated as part of this second scoping study does not utilise aluminium and ferrosilicon but instead relies on the more modern technologies developed in recent years. As part of this scoping study, the Company is assessing the use of two solar farms adjacent to the Winchester Project (Batchelor 1, and Batchelor 2) that have a combined capacity of 22MW-24MW to supply electric power to the Project (crushers, screens, sorters and process plant).

The cost of solar power is significantly lower than the grid electricity. Furthermore, grid electricity, ferrosilicon and aluminium contribute significantly to the cost of production, forming approximately 70% of the cost base.

Consequently, a method which dispenses with ferrosilicon and aluminium and allows the use of solar power instead of grid electricity has a potential to reduce the production cost of magnesium metal.

The work on this study assessing the economics of producing "zero-carbon", "green" magnesium metal using the alternative method is continuing. Results of this study are expected to be available for release to the market in 2023.

During the prior reporting period, on 9 March 2022, Korab reported in a report titled "*Winchester Magnesium Scoping Study*" the results of a scoping study which assessed the economics of a tested and proven magnesium production method relying on electric arc furnace which uses as feed magnesium oxide, aluminium, and ferrosilicon to produce magnesium metal (the Study).

DIRECTORS' REPORT (Continued)

The Study has shown that the Winchester Project is capable of producing 50,000 tonnes of magnesium metal per year for 14 years at a cost of between A\$5,300 and A\$5,400 per tonne. The Company confirms that all the material assumptions underpinning the production target and other scoping study results initially reported to the public on 9 March 2022 continue to apply and have not materially changed. The Company further confirms that all the material assumptions underpinning the forecast financial information derived from a production target in the initial public report released on 9 March 2022 continue to apply and have not materially changed.

During the reporting period, Korab Group continued an update of the previously reported pre-feasibility studies:

1. The pre-feasibility study into the production and sales of DSO magnesium carbonate rock (magnesite) from Winchester quarry, which was originally reported to the market on 21 March 2018;
2. The pre-feasibility study into the processing and sales of magnesium oxides (Caustic Calcined Magnesia and Dead Burned Magnesia), which was originally reported to the market on 12 September 2018; and
3. The pre-feasibility study into the sales of waste products from Winchester, which was originally reported to the market on 5 April 2019.

These updated pre-feasibility studies will form the basis for the selection of the general development strategy for the Winchester Magnesium Project. One of the scenarios being evaluated for the Winchester development is a 3-stage development of Winchester, where:

Stage 1 Korab Group would initially develop quarrying and sales of magnesium carbonate DSO product;

Stage 2 After the Winchester magnesium carbonate (magnesite) quarry became fully operational and a sufficient amount of suitable raw material was stockpiled, Korab Group would expand Winchester into production of various magnesium oxides (Dead Burned Magnesia, and Caustic Calcined Magnesia) using kilns owned and operated by third parties on a toll-treatment basis;

Stage 3 Finally, after implementation of Stage 1 and Stage 2, and subject to future:

1. Financial position of Korab Group;
2. Funding sources available to the Company;
3. Legislative framework (including any new legislation relating to climate change and/or emissions reduction goals); and
4. Market conditions;

Korab Group would proceed to construct own kilns and other facilities to enable in-house production of magnesium oxides and magnesium metal.

Korab continued to progress these updates during and following the end of the reporting period. Results of these updated studies are expected to be available for release to the market in 2024.

Discussions Regarding Potential Joint Ventures, Offtakes, and Funding

During the prior reporting period, on 2 May 2022, Korab Group received a Letter of Intent (LOI) from Speira GmbH (Speira) regarding supply of magnesium metal from the Winchester Magnesium Project to Speira.

Speira is a leading global manufacturer of advanced rolled aluminium/magnesium products, producing approximately one million tonnes of aluminium alloys per year. Speira supplies some of the best-known global companies in the automotive, packaging, printing, engineering, building and construction industries.

Speira's production base, with locations across Germany and Norway, includes JV Alunorf, the world's largest plant for casting and rolling of aluminium, and Grevenbroich, the world's largest rolled aluminium finishing mill. Speira employs around 5,000 people mainly in Germany and Norway. Speira closely collaborates with their value chain partners to better understand and improve the lifecycle effects of their aluminium products. The LOI confirmed Speira's interest (on a non-binding basis) in negotiating the procurement of various magnesium products to be used in production of aluminium/magnesium alloys subject to:

1. Korab Group commencing production of primary magnesium metal from Winchester Project;
2. Korab Group meeting Speira's quality and sustainability standards; and
3. Speira and Korab agreeing the commercial terms.

The LOI acknowledged Speira's appreciation of Korab's efforts to develop the Winchester Magnesium Project as a sustainable primary magnesium source to the market and Korab's approach to build a business model integrating the most innovative production technologies, recycling, and renewable electricity generation. Discussions with Speira are incomplete and confidential. No commercial terms have been agreed between

DIRECTORS' REPORT (Continued)

the parties and there can be no certainty that an agreement can be reached. Accordingly, no investment decision should be made on the basis of this information.

As reported to the market in the quarterly report for the period ended 31 December 2022, Korab Group has been approached by unrelated parties with an unsolicited proposal to enter into an agreement to jointly develop the Winchester quarry where the other party will fully fund the development in exchange for sharing the future profits from the quarry. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information.

During the reporting period Korab received unsolicited approaches from two separate Japanese conglomerates regarding potential supply of DSO magnesium carbonate rock from Winchester Project. During the reporting period, one of these parties has sent a representative to meet with Korab directors and to visit the Winchester Magnesium Project and the port of Darwin. The Company is engaged in negotiations and discussions with the interested potential buyers but thus far no commercial terms have been agreed between Korab and these parties. There can be no certainty that any agreement or agreements can be reached with either of these parties or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. During and following the reporting period Korab also continued discussions with other potential buyers of magnesium carbonate rock (DSO) and of various magnesium oxides.

During the reporting period, Korab continued discussions with various magnesium metal users and magnesium buyers, including aluminium/magnesium alloy producers supplying all major car makers (including Fiat and Daimler) regarding potential supply of magnesium metal from Winchester. No commercial terms have been agreed between the parties. There can be no certainty that any agreement or agreements can be reached with the other party or that any transaction will eventuate. Accordingly, no investment decision should be made on the basis of this information. As the discussions mentioned above are at an early stage and are incomplete any announcement of the details of these discussions would be premature and speculative.

During the reporting period, Korab Group and its Winchester Magnesium Project were featured in the "Australian Critical Minerals Prospectus 2022" prepared by the Commonwealth of Australia represented by the Australian Trade and Investment Commission (Austrade).

About Winchester Magnesium Project

The proposed Winchester magnesium mine is located 2 km from the regional centre of Batchelor some 70 km south of Darwin along Stuart Highway. Winchester Magnesium Deposit is covered by 3-6 meters of overburden consisting of loose clay and gravel. Massive magnesite mineralisation of high-grade magnesite commences immediately below the overburden.

For the mineral resource statement and the Competent Person statement in respect of the Winchester Magnesium Project please refer to page 63 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023", copy of which is available from the ASX announcement platform and from Korab's website.

Magnesite rock (after it has been converted to magnesium oxide) is primarily used in the making of refractory linings necessary for the production of steel, cement, and glass. Other main uses of magnesium oxides and other magnesium compounds are in production of magnesium metal, which is then used in production of aluminium/magnesium high-strength light-weight alloys used in car making (especially electric vehicles), aerospace, and packaging.

Other uses of magnesium and magnesium oxides are in green hydrogen production, rechargeable and single-use magnesium-ion batteries, nickel and cobalt metallurgy, water purification, cattle feed, and direct nuclear-to-electric energy conversion technologies.

China plans to increase the use of magnesium metal in cars from 8.5 Kg/car to 45 Kg/car in the near term. Between 2000 and 2021, China's control over global magnesium production increased from 12% of the global supply to 87% of global magnesium supply, creating an effective international monopoly on a 1.2 million tonnes per annum market.

The situation is even more dramatic in Europe where China supplies over 95% of magnesium metal. Recent cuts to production of magnesium and its exports by Chinese government resulted in the Chinese magnesium metal price increasing from approximately \$2,000 per tonne in October 2020 to approximately \$3,200 per tonne in early September 2021, and \$15,000 per tonne in October 2021.

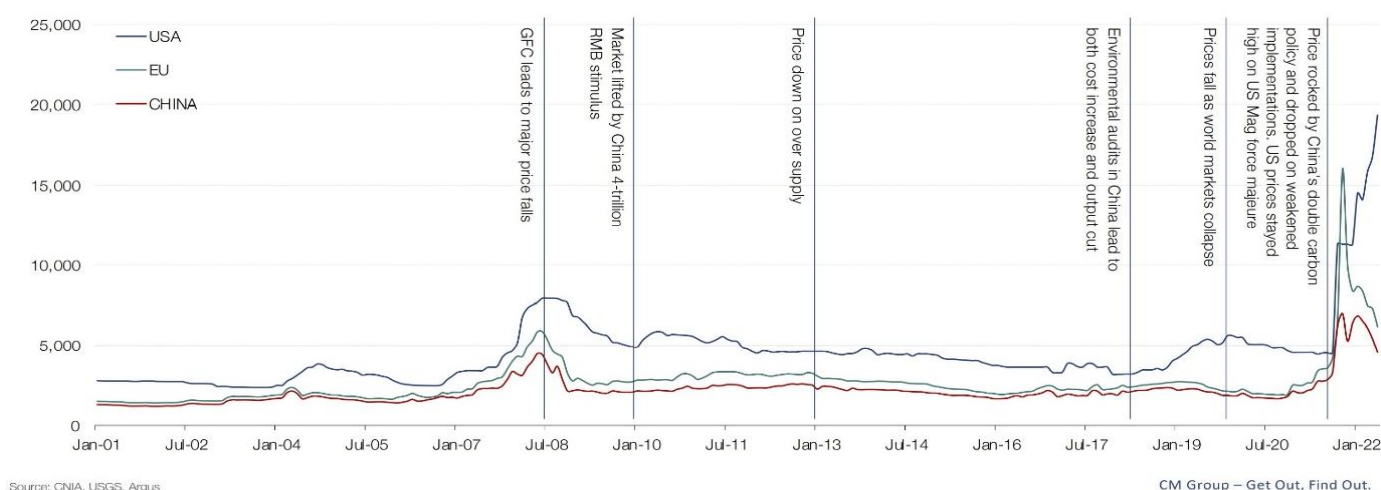
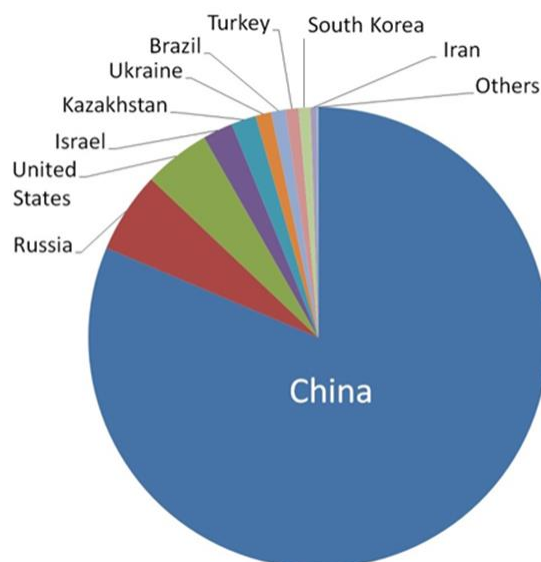
DIRECTORS' REPORT (Continued)

US prices of magnesium are significantly higher than Chinese or European magnesium prices because US imposes approximately 140% anti-dumping import duty on Chinese magnesium (Figure 1). Consequently, exporting magnesium metal to US is a very attractive proposition for Korab Resources due to potentially much higher profit margin resulting from high local US prices and an exemption of Australian magnesium from import duties pursuant to the Australia–United States Free Trade Agreement.

Global magnesium supply risks are compounded by the fact that less than 9% of global primary magnesium comes from countries with low political risk. As illustrated by Figure 2, over 90% of annual global magnesium production comes out of China, Russia, Kazakhstan, Ukraine, and Iran.

WORLD PRIMARY MG PRICES

(2001-2022, US\$/t)

**Figure 1 Global pure magnesium prices****Figure 2 Global primary magnesium production share by country (2020)**

Winchester Project waited for development for 2 decades primarily because of low magnesium prices between \$1,300/t and \$2,000/t and low magnesium oxide prices (CCM and DBM) during this period. These depressed prices were caused by rapid growth in Chinese production capacity of both magnesium metal and magnesium oxides, with supply growth outstripping the growth in demand. This has made the development of Winchester not feasible until few years ago when prices of magnesite and magnesium oxides have markedly improved.

BATCHELOR/GREEN ALLIGATOR POLYMETALLIC PROJECT (RUM JUNGLE MINERAL FIELD, NT)

Korab continued exploration and evaluation of Batchelor/Green Alligator Project with particular focus on gold, silver, cobalt, nickel, lead, scandium, rare earth oxides (REO), lithium, and base metals. No reportable

DIRECTORS' REPORT (Continued)

exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated. Korab has also continued discussions with third parties regarding potential JVs to explore the project for various commodities.

During the reporting period, Exploration Licence EL29550 forming part of the Batchelor/Green Alligator Project has been renewed for further 2 years to 31 July 2024 and is eligible for further renewals. Also during the reporting period, Exploration Licence EL31341 forming part of the Batchelor/Green Alligator Project has been renewed for further 2 years until 27 November 2024 and is eligible for further renewals.

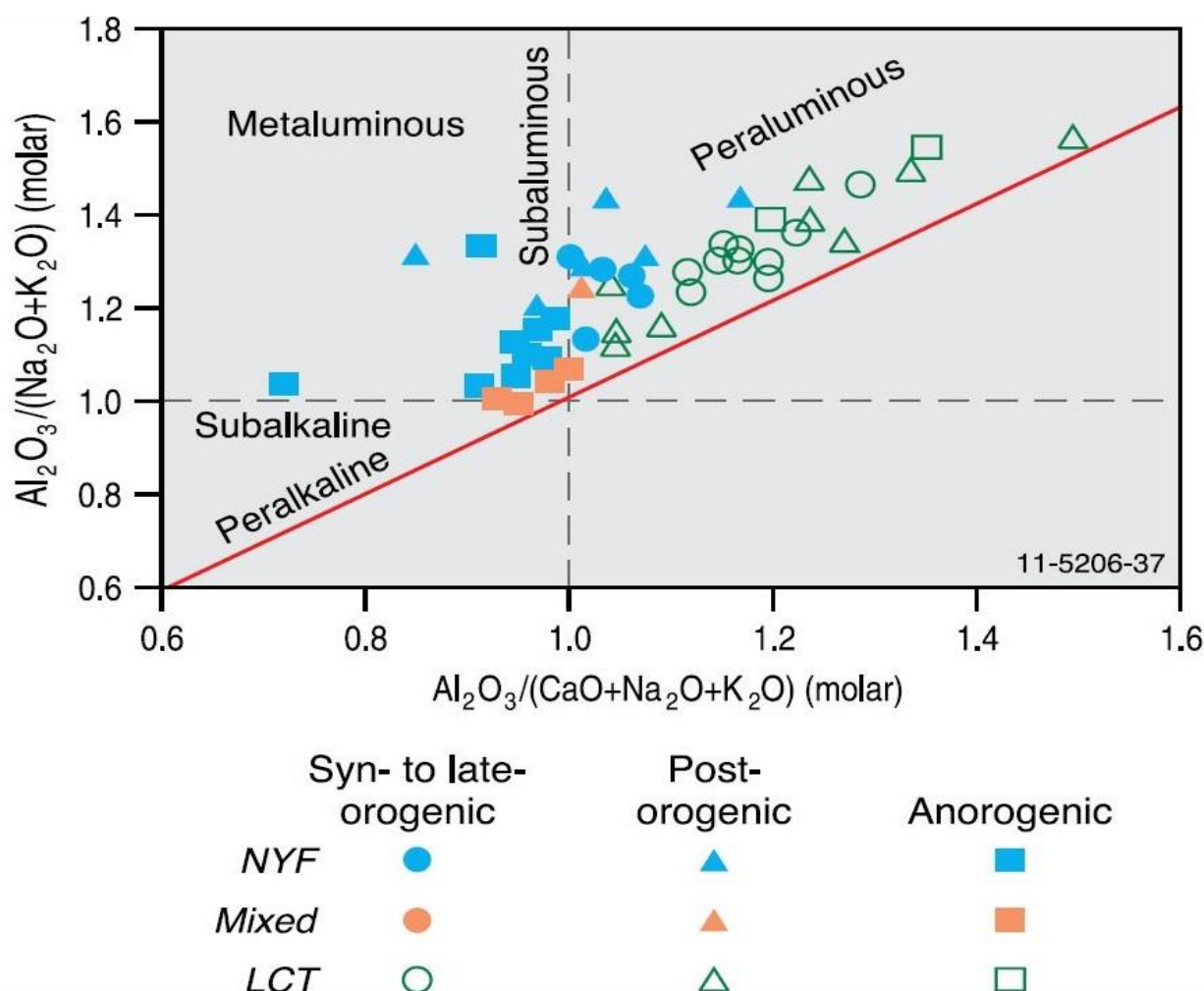
Batchelor/Green Alligator Project comprises 2 granted exploration licences (EL29550 and EL31341) and 8 granted mining leases (ML27362, ML30587, MLN512, MLN513, MLN514, MLN515, MLN542 and MLN543) covering an area of approximately 240 square kilometres (see Figure 4) of the highly prospective Pine Creek Orogen (PCO). Majority of the Batchelor/Green Alligator Project is underlain by the Burrell Creek Formation (part of the Finnis River Group) which hosts lithium mineralisation within nearby tenements owned or operated by Core Lithium (ASX: CXO), Ragusa Minerals (ASX: RAS), and Lithium Plus Minerals (ASX: LPM). For other main formations underlying the Batchelor/Green Alligator Project see geological map of the Project in Figure 4.

At the nearby Litchfield Pegmatite Belt, and the Finnis Lithium Project, lithium-bearing pegmatites are found within the same Burrell Creek Formation adjacent to and within aureole of I-type and S-type granites as the source of lithium-bearing pegmatites. The geological setting of the Batchelor/Green Alligator Project is broadly similar. The Batchelor/Green Alligator Project is proximal to I-type and S-type granites as the source of lithium-bearing pegmatites (see Figure 5 and Figure 6).

Northern Territory Geological Survey (NTGS) database confirms elevated lithium in whole-rock samples collected in close proximity to the Project, between the tenements forming Korab's Projects and the I-type and S-type granites to the north and west, as well as the presence of pegmatites and carbonatite rocks (including monazite) at numerous locations within Korab's Project. Furthermore, NTGS reports show that the Rum Jungle Complex granites immediately to the north of Batchelor/Green Alligator Project are enriched with REO, and are particularly rich in Praseodymium and Neodymium (see Figure 7).

Quartz and feldspars are the dominant minerals that crystallize from granitic melts, and the rare elements are highly incompatible in these minerals. Thus, extreme fractionation resulting from extended crystallization of quartz and feldspars can generate very high concentrations of rare elements in residual melts. Similarly, individual pegmatites also consist largely of quartz and feldspar. The ionic radius of lithium is much smaller than that of the other alkali metals, and lithium partitions into micas, cordierite, and amphiboles via coupled substitution reactions (see Figure 3).

Within the Pine Creek Orogen the target mineralization is associated with granitic intrusives. The majority of lithium deposits are found in quartz veins and pegmatite dykes hosted by Early to Middle Proterozoic metasediments. The metasedimentary rocks are interbedded shale, sandstone, conglomerate and flyshoid sediments of the Burrell Creek Formation of the Finnis River Group. The pegmatites intrude the metasediments and have originated from the S-Type Two Sisters Granite. Likewise, quartz-tourmaline veins are fairly common at the margins of the Rum Jungle Complex and in the surrounding metasediments. The majority of the Finnis pegmatite veins are zoned, lenticular in shape, irregular in distribution and intrude at least in part along the foliation and bedding planes of the country rock. The pegmatite dykes and quartz veins have preferentially intruded the less competent shale units of the Burrell Creek Formation. In outcrop, the pegmatite dykes are weathered to quartz rubble, kaolinitic clay and muscovite. Tertiary processes have leached and intensely weathered the pegmatites to depths in excess of 20 m. The decomposed nature of the pegmatites provided easy exploitation by tin miners at the turn of last century but has hindered an understanding of their petrology, chemistry and morphology. The bulk mineralogy of unweathered pegmatite consists of microcline, perthite, K-feldspar, albite, muscovite and quartz. Minor components include cassiterite, tantalite-columbite, amblygonite, magnetite, zircon, ilmenite, garnet and tourmaline.

DIRECTORS' REPORT (Continued)**Figure 3 Pegmatite types associations**

In outcrop, primary mineralogy is preserved only in quartz-rich samples that either consist solely of quartz and muscovite, or consist of feldspar that is protected from decomposition by quartz-mica shielding. Feldspar is otherwise reduced to kaolin. At surface, veins and dykes of pegmatite at the Rum Jungle Complex appear to consist mainly of microcline and quartz, with small but varying amounts of muscovite. NTGS and the Commonwealth Bureau of Mineral Resources further report that there is also increased level of tungsten and reported presence of tourmaline in drill cuttings taken from this area providing further evidence of the area's prospectivity.

Sundance Gold Mine (Rum Jungle Mineral Field, NT)

During the reporting period, the Company has continued the work on re-opening of the Sundance gold mine located within the Batchelor/Green Alligator Project (see Figure 4) and on treating the rock (which has been stockpiled on the mining leases) at the processing plant owned by a third party. Discussions with third parties are ongoing but are incomplete and details are confidential. There can be no certainty that any agreement or agreements can be reached or that any agreement will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. The Sundance gold mine is located on granted mining leases MLN542 and MLN543 (100% owned by Korab).

According to Northern Territory Geological Survey (NTGS), Sundance Gold Mine was mined on campaign basis between 1986 and 1993, and has historically produced 192 kg of gold (approximately 6,200 oz) from three small shallow pits, at an average gold grade of 5 g/tonne. At Sundance, mineralisation occurs within coarse crystalline magnesite of the Coomalie Dolostone as vertical pipe-like structures that widen close to the surface to produce mushroom-shaped orebodies. Oxidised, higher grade ore is most commonly a hard dark red-brown ferruginous silicified haematite quartz breccia, not unlike the HQB unit described at Geolsec (also owned by Korab) and other localities in the Rum Jungle area.

DIRECTORS' REPORT (Continued)

Primary ore, which was intersected in historical drilling, comprises massive auriferous pyrite within a bleached talc alteration zone. Gold mineralisation is also associated with elevated levels of Ag, As, Ba, Bi, Sn, and tourmaline. According to NTGS, the style of mineralisation at Sundance is unusual, and unlike any other mines in the Rum Jungle region. Eupene and Goulevitch (1993) mention analogous gold deposits at Bau, in Sarawak, and at Kuranakh, in Yakutia (eastern Siberia).

Gold prospectivity of the Batchelor/Green Alligator Project is reinforced by the discovery of several large gold deposits in similar settings elsewhere in the Pine Creek Orogen. According to NTGS records, Burrell Creek Formation, Mount Bonnie Formation, and Gerowie Tuff, which are the main rocks underlying the eastern and southern sections of the Batchelor/Green Alligator Project (see Figure 4), are the host rocks of 9 of the 12 largest gold deposits historically mined in the PCO, including the 3 largest gold deposits discovered in the PCO (each deposit greater than 1 Mln oz. Au): Mount Todd, Union Reefs, and Rustlers Roost (see Table 1).

Table 1 Twelve largest gold deposits in the Pine Creek Orogen arranged in alphabetical order (after Sener A.K. 2004)

| Deposit | Resources | Tonnes Au | Formation | Host | Structural Style |
|---------------------------|------------------|-----------|-------------------------|--|------------------|
| <i>Brooks Creek Group</i> | 7.9Mt @ 2.0g/t | 16 | Gerowie Tuff | Siltstone, carbonaceous siltstone, greywacke, tuff, chert & BIF | Fold |
| <i>Chinese Howley</i> | 9.4Mt @ 1.5g/t | 14 | Gerowie Tuff | Greywacke, siltstone, shale, mudstone & tuff | Fold |
| <i>Cosmo Howley</i> | 10.4Mt @ 2.8g/t | 29 | Koolpin Formation | Chert nodular BIF & iron-rich/partly carbonaceous mudstone | Fold |
| <i>Enterprise</i> | 7.2Mt @ 2.7g/t | 19 | Mount Bonnie Formation | Greywacke, siltstone, shale & chert | Fold |
| <i>Goodall</i> | 4.3Mt @ 2.4g/t | 10 | Burrell Creek Formation | Greywacke, shale & siltstone | Fold |
| <i>Maud Creek</i> | 1.7Mt @ 7.4g/t | 13 | Tollis Formation | Mafic tuff, greywacke, mudstone & siltstone | Fault |
| <i>Mount Todd</i> | 109.2Mt @ 1.0g/t | 111 | Burrell Creek Formation | Greywacke, shale & tuff | Fault |
| <i>Rustlers Roost</i> | 51.0Mt @ 1.0g/t | 51 | Mount Bonnie Formation | Greywacke, siltstone, chert & dolomitic/carbonaceous shale | Fold |
| <i>Spring Hill</i> | 11.9Mt @ 1.0g/t | 12 | Mount Bonnie Formation | Greywacke, mudstone, siltstone, chert, BIF & carbonaceous mudstone | Fold |
| <i>Toms Gully</i> | 1.5Mt @ 9.6g/t | 15 | Wildman Siltstone | Carbonaceous siltstone & mudstone | Fault |
| <i>Union Reefs</i> | 38.1Mt @ 2.0g/t | 76 | Burrell Creek Formation | Greywacke, shale & siltstone | Fault |
| <i>Woolwonga</i> | 5.0Mt @ 2.8g/t | 14 | Mount Bonnie Formation | Greywacke & partly carbonaceous siltstone/mudstone | Fold |

Geological Map of the Batchelor/Green Alligator Project Area

Legend:

- EL31341** (Black outline)
- EL29550** (Blue outline)
- ML30587** (Green outline)
- MLN512-MLN515** (Pink outline)
- MLN542-MLN543** (Orange outline)
- ML27362** (Yellow outline)
- NTGS DRILL COLLARS** (+)
- interpreted faults1** (Solid line)
- interpreted faults2** (Dashed line)
- interpreted faults3** (Dash-dot line)
- BAT structural interp** (Long-dash line)
- RJ NTGS fault** (Thick solid line)
- RMJ Fold** (Thin solid line)
- RMJ Fault** (Thick solid line)
- RMJ Fault** (Thin solid line)
- RMJ Dyke** (Thick solid line)
- RMJ Fault** (Thin solid line)
- RMJ Bedding Trend** (Thin solid line)
- Ptd, Depot Creek Sandstone** (Patterned fill)
- Pyg, Geolsec Formation** (Patterned fill)
- Pdz, Zamu Dolerite** (Patterned fill)
- Pfb, Burrell Creek Formation** (Patterned fill)
- Ps, Undifferentiated** (Patterned fill)
- Pso, Mount Bonnie Formation** (Patterned fill)
- Psg, Gerowie Tuff** (Patterned fill)
- Psk, Koolpin Formation** (Patterned fill)
- Ppw, Wildman Siltstone** (Patterned fill)
- Ppd, Mount Deane Volcanics** (Patterned fill)
- Ppa, Acacia Gap Quartzite** (Patterned fill)
- Ppi, Whites Formation** (Patterned fill)
- Ppis, Whites Formation** (Patterned fill)
- Ppc, Coomalie Dolostone** (Patterned fill)
- Ppr, Crater Formation** (Patterned fill)
- Pnl, Celia Dolostone** (Patterned fill)
- Pnb, Beestons Formation** (Patterned fill)
- Ar1, Rum Jungle Complex Granites** (Red fill)
- As, Stanley Metamorphics** (Patterned fill)
- qz, Quartz** (Patterned fill)

Scale: 1:125,000
0 0.450.9 1.8 2.7 3.6 KM
GCS WGS 1984

Project Information:
BATCHELOR/GREEN ALLIGATOR PROJECT
KORAB RESOURCES LTD
PO Box 1958, West Perth, WA, 6872
20 Prowse Street, West Perth, WA, 6005
Tel: (08) 9474 6166 Fax: (08) 9322 6333
ACN 082140252

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DIRECTORS' REPORT (Continued)

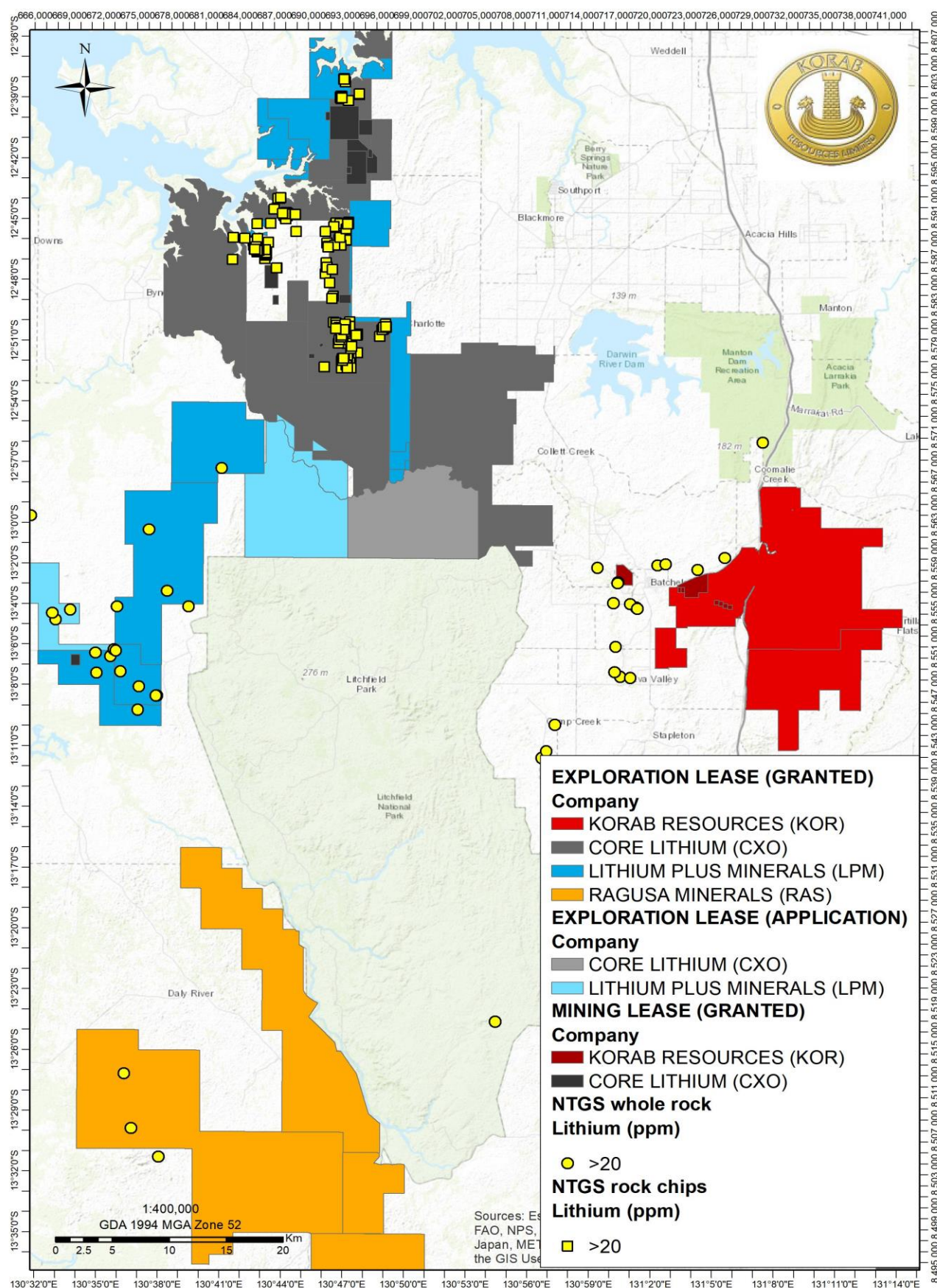


Figure 5 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples.

DIRECTORS' REPORT (Continued)

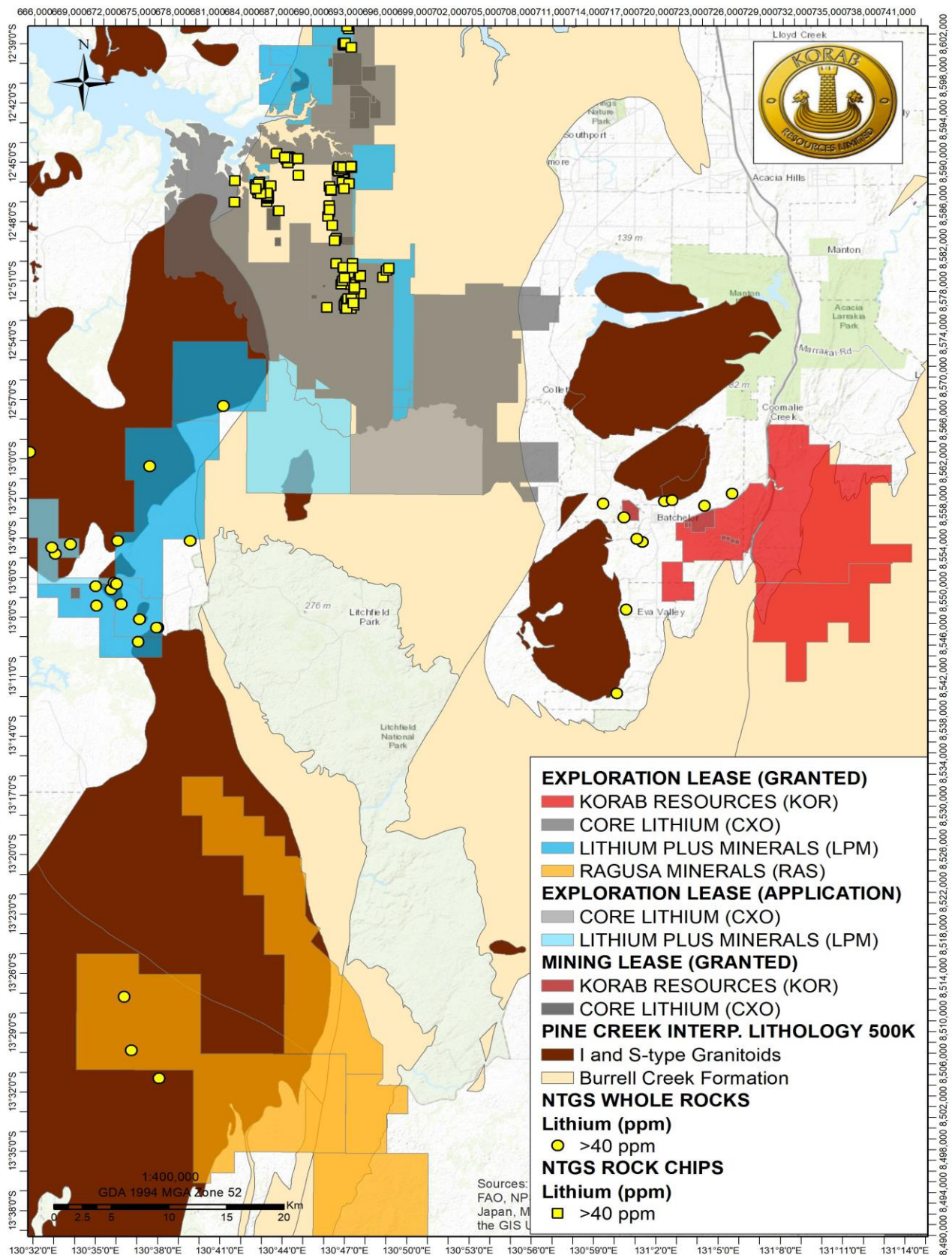


Figure 6 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples, Burrell Creek Formation and source granites.

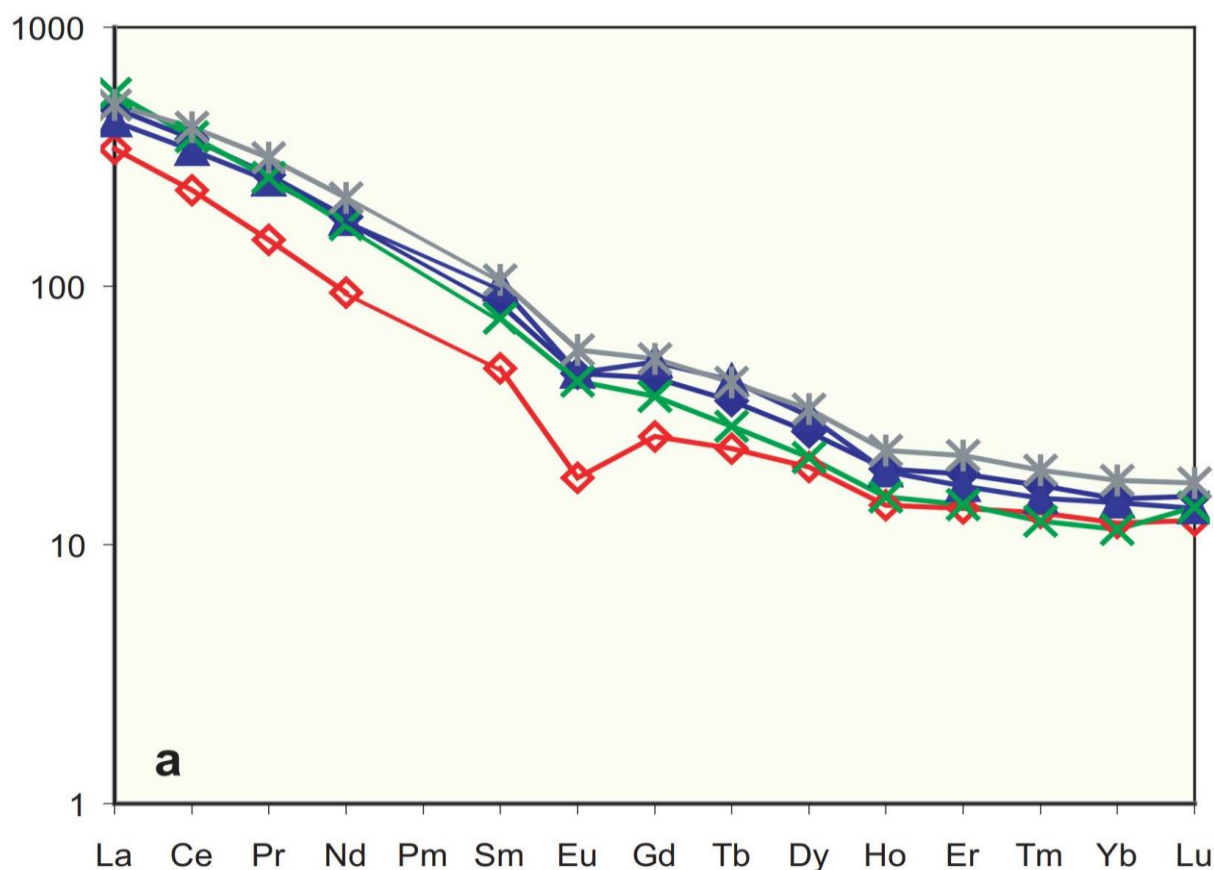
DIRECTORS' REPORT (Continued)

Figure 7 REO spidergram for Rum Jungle Complex granites; after Ahmad et al (2006), data from McCready et al (2004).

Geolsec Rock Phosphate Project (NT)

During the reporting period Korab focused on other mineral assets and consequently exploration work at the Geolsec project was limited. An unrelated company (the Miner), was sub-leasing the Geolsec phosphate project from Korab (as reported to the market on 25 July 2018). This subleasing agreement was terminated by Korab on 23 June 2023. During the term of the sub-lease, the Company has received cash payments totalling \$717,200 from the Miner.

During the reporting period, the Company has been approached by another unrelated third party seeking to enter into a leasing agreement, or a JV for the purpose of developing the Geolsec project. Discussions with this party are ongoing but are incomplete and details are confidential. There can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate from these discussions. Accordingly, no investment decision should be made on the basis of this information. Korab will advise the market if and when an agreement, or agreements have been reached.

Following the end of the reporting period, Korab received expression of interest from yet another unrelated party regarding potential deal involving the Geolsec phosphate project. Korab's discussions with these parties regarding the Geolsec Project are incomplete and confidential and there can be no certainty that any agreement or agreements can be reached or that any transaction (or transactions) will eventuate. No commercial terms have been agreed between the parties.

Bobrikovo Gold And Silver Project (Luhansk Region, Ukraine)

On 24 September 2019, Korab reported that that it has received notification from its Ukrainian subsidiary "DKL" that on the basis of the Executive Order/Decree of the President of Ukraine, all exploration licences, mining permits, and leases held by "DKL" whose term would have otherwise expired, have been prolonged until the end of the hostilities in the Luhansk Region.

DIRECTORS' REPORT (Continued)

During the reporting period, Korab paused the discussions with parties interested in acquiring mineral assets located in eastern Ukraine regarding a potential sale, or a joint venture development of the Bobrikovo Project. The discussions regarding the Bobrikovo Project may be resumed at any time. These discussions are incomplete and confidential and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate. No commercial terms have been agreed between the parties. Accordingly, no investment decision should be made on the basis of this information.

For the mineral resource statement and the Competent Person statement in respect of the Bobrikovo Project please refer to pages 63 and 64 of "*KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023*", copy of which is available from the ASX announcement platform and from Korab's website. Current situation in Ukraine is well known to the market from extensive media coverage. Accumulated capitalised exploration expenditure and acquisition costs of Bobrikovo Project have been written down to NIL at consolidation level in 2014.

Mt. Elephant/Ashburton Downs Project (Ashburton Mineral Field, WA)

Korab continued the exploration and evaluation of the Mt. Elephant project, focusing primarily on its gold and base metals potential. No reportable exploration results (as the term is defined in the section 18 of the 2012 JORC code) were generated.

As at 30 June 2023, Mt. Elephant consisted of 4 granted exploration licences E08/2756, E08/2757, E08/2307, E52/2724, and 2 exploration licence applications ELA08/3561, and ELA52/4223. Subsequent the end of the reporting period, exploration licences E08/2307, and E52/2724 were surrendered. As a result, \$652,591 impairment loss was recorded as at 30 June 2023.

During the reporting period Andrew James Hawker a director, sole shareholder, and principal geologist of Hawker Geological Services Pty Ltd (HGS Australia) has applied for forfeiture against the tenement E08/2756 held by Korab's subsidiary Australian Copper Pty Ltd. Andrew Hawker formerly acted (through HGS Australia) as a geological consultant to Korab and its subsidiaries, including Australian Copper Pty Ltd. Korab Group intends to defend the tenement E08/2756 against the forfeiture application.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CHANGE OF AUDITOR

Armada Audit & Assurance Pty Ltd ("Armada") was appointed as Company's Auditors with effect from 1 August 2022. This appointment follows the resignation of HLB Mann Judd and ASIC's consent to same. The Board decided that it would be appropriate to change auditors after twelve years following a consultation and tender process. Armada's appointment was ratified by shareholders at the Annual General meeting held on 28 November 2022.

ENVIRONMENTAL ISSUES

The Group has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the financial year under review.

DIRECTORS' REPORT (Continued)**DIRECTORS' INTERESTS**

At the date of this report, the relevant interests of the directors in securities of the Company are as follows:

| Name | Ordinary shares | Options over ordinary shares |
|---------------------|-------------------------|------------------------------|
| Andrej K. Karpinski | 59,734,739 ¹ | - |
| Alicja Karpinski | 59,734,739 ¹ | - |
| Anthony G Wills | - | - |

¹ These shares are held in the same entities

IDENTIFICATION OF INDEPENDENT DIRECTORS

The independent directors are identified in the Corporate Governance Statement section of this Financial Report as set out on pages 56 to 59.

MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year for each director who held office during the financial year and the number of meetings attended by each director is as follows:

| Director | Meetings attended | Number eligible to attend |
|------------------|-------------------|---------------------------|
| Andrej Karpinski | 16 | 16 |
| Alicja Karpinski | 7 | 7 |
| Anthony Wills | 16 | 16 |
| Rodney Skeet | 4 | 8 |

SHARE OPTIONS*Shares under option*

There were no share options on issue at the start or end of the year, nor were any share options issued during the year. No options have been granted since the end of the reporting period. There have been no options exercised since the end of the reporting period. During the reporting period there was no forfeiture or vesting of options granted in previous periods.

SUBSEQUENT EVENTS

Following the end of the reporting period, Australian Copper Holdings Pty Ltd, a subsidiary of Korab Group, has surrendered exploration licences E08/2307 and E52/2724 (that formed part of Mt. Elephant project). As a result, \$652,591 impairment loss was recorded as at 30 June 2023.

No other matter or circumstance has arisen since 30 June 2023 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Korab support and adhere to the principles of sound corporate governance. The Board considers that Korab is in compliance with the ASX corporate governance principles and recommendations which are of critical importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance Statement is set out on pages 56 to 59 of this Financial Report.

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than stated elsewhere in this report there have been no significant changes in the state of affairs of the consolidated entity during the period under review.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 23.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditors during the current or preceding financial years.

REMUNERATION REPORT (Audited)

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of compensation

The Board determines remuneration policies and practices, evaluates the performance of senior management, and considers remuneration for those senior managers.

The Board assesses the appropriateness of the nature and amount of remuneration on an annual basis by reference to industry and market conditions, and with regard to the Company's financial and operating performance.

Total non-executive directors' fees are approved by shareholders and the Board is responsible for the allocation of those fees amongst the individual members of the Board. The value of remuneration is determined on the basis of cost to the Company and consolidated entity. Remuneration of key management personnel is referred to as compensation, as defined in Accounting Standard AASB 124 *Related Parties*.

Compensation levels for key management personnel of the Company and consolidated entity are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Board obtains, when required, independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Compensation arrangements can include a mix of fixed and performance-based compensation however the Company has not paid bonuses to directors or executives to date. Share-based compensation can be awarded at the discretion of the Board, subject to shareholder approval when required.

It is the intention of the Board to tailor the remuneration policy to maximise the commonality of goals between shareholders and key management personnel. The method which is most likely to achieve this aim is the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The directors believe this policy will be the most effective in increasing shareholder wealth.

Compensation structures take into account the overall level of compensation for each director and executive, the capability and experience of the directors and senior executives, the executive's ability to control the financial performance of the relative business or geographical segment, the consolidated entity's performance (including earnings and the growth in share price), and the amount of any incentives within each executive's remuneration. Given the consolidated entity's focus on exploration projects during the year, the Board did not have regard to the consolidated entity's financial performance and / or change in shareholder wealth occurring in the current financial year and previous three financial years in setting remuneration.

Fixed compensation

Fixed compensation consists of base compensation as well as any employer contributions to superannuation funds.

DIRECTORS' REPORT (Continued)

Service contracts

The contract duration, notice period and termination conditions for key management personnel are:

Andrej K Karpinski, Executive Chairman. In July 2008 the Company entered into an Executive Service Agreement with Rheingold Investments Corporation Pty Ltd. Under the terms of the agreement Mr Karpinski, being the director of Rheingold Investments Corporation Pty Ltd, has agreed to provide management services to the Company at a rate of \$327,000 per annum plus GST. In addition to corporate management services, Rheingold Investments Corporation Pty Ltd provides to the Company tenement management, mineral exploration, company secretarial, and accounting/bookkeeping services. The Agreement may be terminated by the Company at any time by giving Rheingold Investments Corporation Pty Ltd twelve (12) months' notice. In the event the Company does not require the services provided under the Executive Service Agreement with Rheingold Investments Corporation Pty Ltd, the Company shall pay to Rheingold Investments Corporation Pty Ltd an amount of \$327,000 plus GST and any unused annual break from service leave.

Key Management Personnel Remuneration

Details of the nature and amount of each major element of the remuneration of group key management personnel are set out below. There was no share based or performance-based remuneration in either the current or prior period.

| | Andrej Karpinski | Rodney Skeet | Alicja Karpinski | Anthony Wills | Total |
|---------------------------------|-----------------------------|-------------------------|-----------------------------|--------------------------|----------------|
| 2023 | \$ | \$ | \$ | \$ | \$ |
| <i>Short-term benefits</i> | | | | | |
| 2023 year fees | 327,000 | 11,190 | - | 26,325 | 364,515 |
| <i>Post-employment benefits</i> | | | | | |
| Superannuation contributions | - | - | - | 2,946 | 2,946 |
| Performance related % | - | - | - | - | - |
| Total | 327,000 | 11,190 | - | 29,271 | 367,461 |
| | | | | | |
| 2022 | \$ | \$ | \$ | \$ | \$ |
| <i>Short-term benefits</i> | | | | | |
| 2022 year fees | 327,000 | 26,000 | - | 26,000 | 379,000 |
| <i>Post-employment benefits</i> | | | | | |
| Superannuation contributions | - | - | - | 2,470 | 2,470 |
| Performance related % | - | - | - | - | - |
| Total | 327,000 | 26,000 | - | 28,470 | 381,470 |

Non-executive directors

Total remuneration for all non-executive directors is not to exceed \$120,000 per annum. A non-executive director's base fee is currently \$26,000 per annum. Mrs. Alicja Karpinski decided to renounce her entitlement to be paid directors' fees, and will perform her non-executive directors' duties without receiving any directors' fees. The Executive Chairman currently does not and has never in the past received director's fees. Rheingold Investments Corporation Pty Ltd, a company controlled by the Executive Chairman receives management fees which are disclosed elsewhere in this report.

Non-executive directors do not receive any performance related remuneration; however, they may be paid for work performed over and above their non-executive duties. Directors' fees cover all main Board activities and membership of Board committees. The Company does not have any terms or schemes relating to retirement benefits for non-executive directors. Non-executive directors receive share-based compensation at the discretion of the Board, and subject to approval by shareholders. No remuneration consultants were used during the year.

DIRECTORS' REPORT (Continued)

Loans to and other related transactions with key management personnel

Mr Andrej Karpinski is a director and controlling shareholder of Rheingold Investments Corporation Pty Ltd ("Rheingold"). Management contract fees form part of the remuneration of directors and have been disclosed as such in the directors' report.

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Fees to Rheingold Investments Corporation Pty Ltd for: | | |
| - Management contract fees | 327,000 | 327,000 |
| Total fees to Rheingold Investments Corporation Pty Ltd | 327,000 | 327,000 |

Amounts payable to key management personnel and their related entities at reporting date in respect of outstanding fees, expenses and loans are:

| | 2023 (\$) | 2022 (\$) |
|--------------------------|-----------|-----------|
| <i>Current</i> | | |
| Trade and other payables | 20,561 | 17,615 |
| Loans and borrowings | 35,000 | 80,600 |
| <i>Non-current</i> | | |
| Loans and borrowings | 1,432,780 | 1,549,413 |

During the prior period the directors and Rheingold agreed to suspend payments of the executive services fees (management contract fees) and directors' fees. The unpaid fees are being accrued. The balance of outstanding liabilities to Rheingold, Mr. Karpinski, Mrs Karpinski and their related entities at period end for loans to the parent entity and unpaid fees is \$1,204,092 (2022: \$1,026,741) at an average interest rate of 12%. This aggregate amount consists of loans of \$1,204,092 at an interest rate of 12% (2022: \$1,014,261) and reimbursements of \$Nil at nil interest rate (2022: \$12,481 with a nil interest rate). The loans and unpaid fees are not payable prior to 30 September 2024. These loans and debt become payable immediately on change of control of Korab. Mr. Karpinski and Mrs. Karpinski have not received any directors' fees from Korab or its subsidiaries since the formation of Korab in March 1998 to the date of this report. During the reporting period accrued Rheingold management fees were converted to loans and some of the prior year loans and converted fees were repaid. Interest accrued to Rheingold, Mr. Karpinski, Mrs. Karpinski and their related entities during the reporting period was \$121,847 (2022: \$110,014).

The balance of outstanding liabilities to directors, excluding Mr. Karpinski, Mrs. Karpinski and their related entities at period end for loans to the parent entity and unpaid fees is \$712,994 (2022: \$603,272) at an average interest rate of 12%. The balance of outstanding liabilities to Mr. Wills at period end for loans to the parent entity and unpaid fees is \$263,688 (2022: \$214,127). Interest accrued to Mr. Wills was \$27,462 (2022: \$24,349) for the year ended 30 June 2023. The balance of outstanding liabilities to Mr. Skeet on the date his directorship ceased for loans to the parent entity and unpaid fees is \$415,999 (2022: \$389,146). Interest accrued to Mr Skeet was \$20,353 (2022: \$43,180) during the reporting period up to the date his directorship ceased.

Mr Andrej Karpinski is a director and significant shareholder of Polymetallica Minerals Limited (formerly Uranium Australia Pty Ltd). The balance of outstanding receivables from Polymetallica Minerals Limited at period end is \$1,279,487 (2022: \$1,188,607) at an interest rate of 8.5%. The receivable is not payable prior to 30 September 2024. The balance of outstanding receivables from Polymetallica Minerals Limited consist of funds provided by Company to pay for tenement rents and other project related costs in relation to projects where the Company and Polymetallica have, or had joint venture arrangements, and/or production sharing agreements, plus any accrued interest. These joint venture arrangements and/or production sharing agreements were established when Polymetallica was a subsidiary of the Company prior to Polymetallica being demerged (spun-off) from the Company. The Company has a registered security over all current and future assets of Polymetallica until the debt is repaid in full. During the year Polymetallica paid the Company \$12,000 (2022: \$54,240) in interest with the remaining interest of \$90,879 (2022: \$42,621) accruing. The total interest charged on the loan for the year ended 30 June 2023 was \$102,879 (2022: \$96,681).

The amount within trade and other payables owed to KMPs is \$20,561 (2022: \$17,615), refer to Note 9.

Refer to Note 16 and Note 17 for further disclosures of related party transactions.

DIRECTORS' REPORT (Continued)

Share options

There were no share options on issue to Key Management Personnel at the start or end of the year, nor were any share options issued to them during the year.

Shares

The movement during the reporting period in the number of ordinary shares in Korab Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Director | Held at 1/7/22 or date of appointment | Net acquired | Held at 30/6/23 or date of resignation |
|------------------|--|---------------------|---|
| Andrej Karpinski | 59,734,739 | - | 59,734,739 ¹ |
| Rodney Skeet | 569,238 | - | 569,238 |
| Alicja Karpinski | 59,734,739 | - | 59,734,739 ¹ |
| Anthony Wills | - | - | - |

¹ These shares are held in the same entities

DIVIDENDS

No dividends were paid or declared during the period (2022: Nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified the Directors and executives of the Company and its subsidiaries for the costs incurred, in their capacity as a Director or executive, for which they may be held personally liable.

During the financial year the Company did not pay a premium to insure the directors and officers of the Company and its controlled entities.

This report is signed in accordance with a resolution of the directors.



Andrej K Karpinski, FAICD, F Fin
Executive Chairman

Perth, Western Australia,
29 September 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

KORAB RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the audit for the year ended 30 June 2023 there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



Nigel Dias
Director
Perth, 29 September 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

| | Notes | 30 June 2023 \$ | 30 June 2022 \$ |
|--|-------|--------------------|--------------------|
| Revenue | 2(a) | - | 36,364 |
| Finance income | | 105,644 | 99,706 |
| Foreign exchange (loss) | | (1,280) | (11,493) |
| Finance expense | 2(b) | (354,176) | (317,549) |
| Corporate, compliance and management | 2(c) | (650,112) | (620,404) |
| Field survey costs | | (20,660) | - |
| Conference, travel and public relations | | (7,417) | - |
| Exploration expenditure impairment | 8 | (652,591) | - |
| Occupancy costs | | (47,278) | (39,859) |
| Contractors' expenses capitalised | | 267,670 | 241,581 |
| Loss before income tax | | (1,360,200) | (611,654) |
| Income tax expense | 4 | - | - |
| Loss for the year | | (1,360,200) | (611,654) |
| Other comprehensive income for the year net of income tax | | | |
| <i>Items that may be classified to profit or loss</i> | | | |
| Exchange difference on translation of foreign operations | | - | - |
| Total comprehensive loss for the year | | (1,360,200) | (611,654) |
| Basic and diluted loss per share (cents per share) | 6 | (0.37) | (0.17) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Notes | 30 June 2023 \$ | 30 June 2022 \$ |
|---|-------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 13 | 112,382 | 815,783 |
| Trade receivables and other financial assets | 7 | 93,257 | 41,115 |
| Total current assets | | <u>205,639</u> | <u>856,898</u> |
| Non-current assets | | | |
| Trade receivables and other financial assets | 7 | 1,291,382 | 1,200,503 |
| Exploration and evaluation | 8 | 3,094,682 | 3,392,318 |
| Total non-current assets | | <u>4,386,064</u> | <u>4,592,821</u> |
| Total assets | | <u>4,591,703</u> | <u>5,449,719</u> |
| Current liabilities | | | |
| Trade and other payables | 9 | 191,141 | 170,234 |
| Loans and borrowings | 10 | 35,000 | 110,600 |
| Total current liabilities | | <u>226,141</u> | <u>280,834</u> |
| Non-current liabilities | | | |
| Loans and borrowings | 10 | 3,277,770 | 2,720,893 |
| Total non-current liabilities | | <u>3,277,770</u> | <u>2,720,893</u> |
| Total liabilities | | <u>3,503,911</u> | <u>3,001,727</u> |
| Net assets | | <u>1,087,792</u> | <u>2,447,992</u> |
| Equity | | | |
| Contributed equity | 14(a) | 21,186,134 | 21,186,134 |
| Foreign currency translation reserve | 14(c) | (997,078) | (997,078) |
| Non-controlling interest contribution reserve | 14(d) | (1,036,227) | (1,036,227) |
| Accumulated losses | 14(b) | (18,065,037) | (16,704,837) |
| Total equity | | <u>1,087,792</u> | <u>2,447,992</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 30 June 2023 \$ | 30 June 2022 \$ |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Sublease revenue | | - | 36,364 |
| Payments to suppliers and employees | | (95,602) | (203,894) |
| Interest received | | 2,765 | 2,844 |
| Interest paid | | - | (6,879) |
| Net cash flows (used in) operating activities | 13(a) | <u>(92,837)</u> | <u>(171,565)</u> |
| Cash flows from investing activities | | | |
| Exploration and evaluation expenditure net reimbursements | | <u>(354,964)</u> | <u>(343,886)</u> |
| Net cash flows (used in) investing activities | | <u>(354,964)</u> | <u>(343,886)</u> |
| Cash flows from financing activities | | | |
| Cash received from issue of ordinary shares | 14(a) | - | 1,900,636 |
| Share issue costs | 14(a) | - | (89,305) |
| Proceeds from borrowings | | 3,344,410 | 1,036,300 |
| Repayments of borrowings | | (3,612,010) | (1,663,950) |
| Repayment of advances to other entities | | 12,000 | 54,240 |
| Net cash flows provided by financing activities | | <u>(255,600)</u> | <u>1,237,921</u> |
| Net (decrease) / increase in cash and cash equivalents | | <u>(703,401)</u> | <u>722,470</u> |
| Cash and cash equivalents at the beginning of the financial year | | <u>815,783</u> | <u>93,313</u> |
| Cash and cash equivalents at the end of the financial year | 13(b) | <u>112,382</u> | <u>815,783</u> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

| | Contributed equity \$ | Accumulated losses \$ | Non- controlling interest contribution reserve \$ | Foreign currency translation reserve \$ | Total \$ |
|--|-----------------------------|-----------------------------|--|---|-------------|
| Balance at 30 June 2021 | 19,374,803 | (16,093,183) | (1,036,227) | (997,078) | 1,248,315 |
| Loss for the year | - | (611,654) | - | - | (611,654) |
| Total comprehensive loss for the year | - | (611,654) | - | - | (611,654) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued for cash | 1,900,636 | - | - | - | 1,900,636 |
| Share issue costs | (89,305) | - | - | - | (89,305) |
| Balance at 30 June 2022 | 21,186,134 | (16,704,837) | (1,036,227) | (997,078) | 2,447,992 |
| Loss for the year | - | (1,360,200) | - | - | (1,360,200) |
| Total comprehensive loss for the year | - | (1,360,200) | - | - | (1,360,200) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued for cash | - | - | - | - | - |
| Share issue costs | - | - | - | - | - |
| Balance at 30 June 2023 | 21,186,134 | (18,065,037) | (1,036,227) | (997,078) | 1,087,792 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Korab Resources Limited and its subsidiaries ("consolidated entity" or "Group").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations), as adopted by the Australian Accounting Standards Board ("AASB"), other authoritative pronouncements of the AASB and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Korab Resources Limited complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. Comparative information is reclassified where appropriate to enhance comparability.

The functional and presentation currency of the Company is Australian dollars. The financial report was authorised for issue by the directors on 29 September 2023. Korab Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of measurement

The financial report is prepared on a historical cost basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of its liabilities in the normal course of business. At balance date, the Group had negative net current assets of -\$20,502 (2022: net current assets of \$576,064) and had a net cash outflow from operations for the year of \$92,837 (2022: outflow of \$171,565). The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The Company has received written confirmations from its lenders that the loans of \$3,277,770 will not be called for repayment till at least 30 September 2024. Furthermore, the Company will need to seek additional funding either via increase in debt or raising of additional share capital, and to reduce its discretionary costs in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. The directors have the ability to curtail all of its discretionary exploration and corporate costs and have implemented strict control over expenditure. Subsequent to the end of the financial year an additional \$200,000 of debt funding was provided to the Company. The Company also has available \$82,000 in unused financing facilities. The directors are confident of being able to obtain additional funding through increase in debt, raising of additional share capital, reducing discretionary costs, or sale of assets. Should this not occur, or not occur on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Use of estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

(i) Exploration and evaluation assets

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

(ii) Recoverability of loan to Polymetallica Minerals Limited

Korab has been advised by Polymetallica that it is in the process of arranging of a debt and equity funding from third parties to raise funds to repay the loans made by Korab.

(b) Principles of consolidation

Subsidiaries

The consolidated financial report comprises the financial statements of the Company and its controlled entities. A controlled entity is any entity controlled by the Company whereby the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Where a subsidiary enters or leaves the consolidated entity during the year, its operating results are included or excluded from the date control was obtained or until the date control ceased. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those applied by the parent entity.

(c) Recoverable amount of assets and impairment testing

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment by estimating their recoverable amount.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such an indicator exists, a formal assessment of recoverable amount is then made. Where this is less than carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects the current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

(d) Receivables

Trade and other receivables are stated at fair value and subsequently measured at amortised cost, less expected credit losses.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to the area are current and that the costs are expected to be recouped through the successful development of the area or by its sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest is assessed for impairment to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Impairment testing is carried out in accordance with Note 1(c).

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine development properties.

(g) Taxes

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by balance date. Deferred tax is accounted for using the statements of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of comprehensive income except where it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Deferred tax

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Tax consolidation

The Company and its wholly-owned Australian resident-controlled entities have formed a tax-consolidated entity and are therefore taxed as a single entity. Korab Resources Limited is the head entity of the tax-consolidated entity. In future periods the members of the consolidated entity will, if required, enter into a tax sharing agreement whereby each company in the consolidated entity contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated entity.

(h) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchases of these goods and services. Trade and other payables are represented as current liabilities unless payment is not due within 12 months.

(i) Earnings per share

The consolidated entity presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, which comprise share options granted.

(j) Share based payments

The fair value of shares and share options granted as compensation is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options. The fair value of share grants at grant date is determined by the share price at that time. The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to contributed equity.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits and termination indemnities arising from services rendered by employees to balance date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(i) Short-term benefits

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(ii) Long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to an equity transaction are shown as a deduction from equity, net of any recognised income tax benefit.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(p) Foreign currency

Functional and presentation currency

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at balance date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at statement of financial position date.
- income and expenses are translated at transaction date or average exchange rates for the period, whichever is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve as a separate component of equity. These differences are recognised in the statement of comprehensive income upon disposal of the foreign operation.

(q) Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sublease Revenue

Sublease of mining rights is recognised on a straight-line basis over the life of the lease where it is probable economic benefits will flow to the entity. The sublease of the mining rights requires the lessee to pay the Group a monthly flat fee, any tenement rents, and other statutory and compliance costs, plus a royalty on phosphate rock produced and allows the lessee to produce rock phosphate from the tenement subject to lessee's compliance with the sublease agreement and all relevant mining and environmental laws and regulations. The phosphate rights sub-leasing agreement was terminated by the Company on 23 June 2023. Accrued sub-lease revenue will be recognised in the accounts when payment is received.

Interest

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(r) Borrowing costs

Interest expenses comprise interest expense on borrowings and the unwinding of the discount on provisions.

(s) Parent entity financial information

The financial information for the parent entity, Korab Resources Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Korab Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(t) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to “hold to collect” the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).
- ‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(u) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(v) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(w) Contingencies

Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events;
- obligations that are not recognised because it is not probable that they will lead to an outflow of resources;
- obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position, but are disclosed in the notes to the financial statements, with the exception of contingent liabilities where the probability of the liability occurring is remote.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(x) New accounting standards and interpretations

Standards and Interpretations applicable to 30 June 2023

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current reporting period beginning on or after 1 July 2022. The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the consolidated entity and therefore, no material change is necessary to group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

2. REVENUE AND EXPENDITURE

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| 2(a) <i>Revenue</i> | | |
| Sublease revenue | - | 36,364 |
| | - | 36,364 |
| 2(b) <i>Finance expense</i> | | |
| Interest accrued on borrowings – related parties | 169,222 | 177,541 |
| Interest accrued on borrowings – unrelated parties | 184,954 | 140,008 |
| | 354,176 | 317,549 |
| 2(c) <i>Corporate compliance and management</i> | | |
| Contractors and suppliers | 419,550 | 348,952 |
| Compliance | 87,764 | 108,542 |
| Office, promotion, telecommunication, staff, travel | 102,337 | 99,879 |
| Directors | 40,461 | 54,058 |
| Other | - | 8,973 |
| | 650,112 | 620,404 |

3. SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Executive Chairman of Korab reviews internal reports prepared such as consolidated financial statements, and strategic decisions of the consolidated entity are determined upon analysis of these internal reports. During the year the consolidated entity operated predominantly in one business segment, being the minerals exploration sector. Accordingly, under the “management approach” outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements. All non-current assets, revenue and finance income for the current and prior period have a geographical location in Australia.

| | 2023 \$ | 2022 \$ |
|--------------------------------|------------|------------|
| Australia – non-current assets | 4,386,064 | 4,592,821 |
| Australia – revenue | - | 36,364 |
| Australia – finance income | 105,644 | 99,706 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

4. INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax expense:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Loss before income tax expense | (1,360,200) | (611,654) |
| Prima facie income tax benefit on pre-tax loss at the Australian income tax rate of 25% (2022: 25%) | (340,050) | (152,914) |
| Tax effect of: | | |
| Current year tax benefit not brought to account | 340,050 | 152,914 |
| Income tax expense | - | - |

Unrecognised deferred tax assets and liabilities

The following deferred tax assets and (liabilities) have not been brought to account:

| | | |
|--------------------------------|-------------|-------------|
| Tax losses - revenue | 18,278,542 | 17,215,978 |
| Other temporary differences | (3,094,682) | (3,392,318) |
| | 15,183,860 | 13,823,660 |
| At tax rate of 25% (2022: 25%) | 3,795,965 | 3,455,915 |

The benefit of these losses has not been brought to account at 30 June 2023 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Company derives taxable income. The benefits will only be realised if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
- The Company continues to comply with the conditions for the deductibility imposed by law; and
- No changes in the tax legislation adversely affect the Company in realising the benefit of the losses.

5. AUDITORS' REMUNERATION

Audit and review services:

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Auditors of the Company: HLB Mann Judd | - | 28,425 |
| : Armada Audit and Assurance Pty Ltd | 30,000 | 20,000 |
| | 30,000 | 48,425 |

6. BASIC LOSS PER SHARE

| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Loss from operations attributable to ordinary equity holders of Korab used to calculate basic and diluted earnings per share | (1,360,200) | (611,654) |
| Weighted average number of shares | Number of shares | Number of shares |
| 1 July (basic and diluted) | 367,050,000 | 332,492,981 |
| Shares issued | - | 23,195,807 |
| 30 June (basic and diluted) | 367,050,000 | 355,688,788 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

7. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

| | 2023 \$ | 2022 \$ |
|-----------------------------|------------------|------------------|
| <i>Current</i> | | |
| Trade and other receivables | 93,257 | 41,115 |
| | <u>93,257</u> | <u>41,115</u> |
| <i>Non-current</i> | | |
| Other financial assets | 1,291,382 | 1,200,503 |
| | <u>1,291,382</u> | <u>1,200,503</u> |

\$1,279,487 (2022: \$1,188,607) of the non-current financial assets is a secured receivable from Polymetallica Minerals Limited (formerly Uranium Australia Ltd), a company in which Mr Andrej Karpinski is Executive Chairman and a significant shareholder. The loan has an interest rate of 8.5% and is not payable prior to 30 September 2024. The balance of outstanding amounts from Polymetallica Minerals Limited consist of funds provided by the Company to pay for tenement rents and other project related costs in relation to projects where the Company and Polymetallica have, or had joint venture arrangements, and/or production sharing agreements, plus any accrued interest. These joint venture arrangements and/or production sharing agreements were established when Polymetallica was a subsidiary of the Company prior to Polymetallica being demerged (spun-off) from the Company. The Company has registered security over all current and future assets of Polymetallica until the debt is discharged in full. Company and the directors have assessed this loan for impairment at 30 June 2023 and based on the evidence obtained no impairment expense was required. There has been no other funding provided by the Company to Polymetallica during the year ended 30 June 2023.

8. EXPLORATION AND EVALUATION

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| <i>Areas of interest in the exploration and evaluation phase:</i> | | |
| Cost at beginning of the year | 3,942,996 | 3,583,961 |
| Capitalised contractors' expenses | 267,670 | 241,581 |
| Other expenditure capitalised during the period | 87,285 | 117,454 |
| Expenditure reimbursed and reimbursable | - | - |
| Cost at end of the year | 4,297,951 | 3,942,996 |
| Impairment provision | (1,203,269) | (550,678) |
| Carrying amount at the end of the year | <u>3,094,682</u> | <u>3,392,318</u> |

Following the end of the reporting period, Australian Copper Holdings Pty Ltd, a subsidiary of Korab Group, has surrendered exploration licences E08/2307 and E52/2724 (that formed part of Mt. Elephant project). As a result, \$652,591 impairment loss was recorded as at 30 June 2023.

Bobrikovo gold and silver project is located in the Luhansk region in eastern Ukraine. The capitalised exploration and evaluation expenditure attributable to the Bobrikovo project has been written-off at consolidation level in the year ended 30 June 2014 to reflect the ongoing situation in the Luhansk region.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

9. TRADE AND OTHER PAYABLES

| | 2023 \$ | 2022 \$ |
|---|----------------|----------------|
| <i>Current</i> | | |
| Trade payables and accrued expenses (i) | 170,580 | 152,619 |
| Sundry payables - related parties | 20,561 | 17,615 |
| | <u>191,141</u> | <u>170,234</u> |

(i) Trade payables are non-interest bearing and are normally settled within 45 days.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

10. LOANS AND BORROWINGS

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| <i>Current</i> | | |
| Loans payable - related parties – unsecured (i) | 35,000 | 80,600 |
| Loans payable - third parties – unsecured (ii) | - | 30,000 |
| | 35,000 | 110,600 |
| <i>Non-current</i> | | |
| Loans payable - related parties – unsecured (i) | 1,432,780 | 1,549,413 |
| Loans payable - third parties – unsecured (ii) | 1,844,990 | 1,171,480 |
| | 3,277,770 | 2,720,893 |

- (i) The terms and conditions of related party loans and borrowings are set out in Notes 16 and 17, Related Party Transactions and Key Management Personnel Disclosures respectively.
- (ii) The third party loans and borrowings are on arms-length terms and conditions. The third party loans and borrowings are not payable prior to 30 September 2024 and are at an interest rate of 12%.

11. SUBSIDIARIES

| | Country of incorporation | Class of shares | Equity holding 2023 | 2022 |
|--|-----------------------------|--------------------|------------------------|------|
| Held by parent | | | | |
| Lugansk Gold Pty Limited | Australia | Ordinary | 100% | 100% |
| Geolsec Phosphate Operations Pty Limited | Australia | Ordinary | 100% | 100% |
| Melrose Gold Mines Pty Limited | Australia | Ordinary | 100% | 100% |
| Australian Copper Pty Limited | Australia | Ordinary | 100% | 100% |
| Ausmag Pty Limited | Australia | Ordinary | 100% | 100% |
| Held by Australian Copper Pty Limited | | | | |
| Australian Copper Holdings Pty Limited | Australia | Ordinary | 100% | 100% |
| Held by Lugansk Gold Pty Limited | | | | |
| LLC “Donetsky Kryazh” | Ukraine | Ordinary | 100% | 100% |

12. SUBSEQUENT EVENTS

Following the end of the reporting period, Australian Copper Holdings Pty Ltd, a subsidiary of Korab Group, has surrendered exploration licences E08/2307 and E52/2724 (that formed part of Mt. Elephant project). As a result, \$652,591 impairment loss was recorded as at 30 June 2023.

No matter or circumstance has arisen since 30 June 2023 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

13. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

| | 2023 \$ | 2022 \$ |
|--|-----------------|------------------|
| <i>(a) Reconciliation of (loss) after income tax to net cash (outflow) from operating activities</i> | | |
| (Loss) for the year | (1,360,200) | (611,654) |
| <i>Non-cash items</i> | | |
| Fees and other expenses converted to debt | 392,990 | 386,999 |
| Net accrued interest expense | 251,297 | 213,809 |
| Foreign exchange loss | 1,720 | 11,493 |
| Impairment of exploration expenditure | 652,591 | - |
| <i>Change in assets and liabilities</i> | | |
| - (Increase) / decrease in trade receivables and other financial assets | (52,141) | 30,757 |
| - Increase / (decrease) in trade and other payables | 20,906 | (202,969) |
| Net cash (outflow) from operating activities | <u>(92,837)</u> | <u>(171,565)</u> |
| <i>(b) Cash and cash equivalents</i> | | |
| Cash at bank and at call | <u>112,382</u> | <u>815,783</u> |

Cash balances include \$12,900 (2022: \$12,900) term deposit securing a bank guarantee in favour of the Department of Primary Industry and Resources.

(c) Risk exposure

The consolidated entity's exposure to interest rate risk is discussed in Note 15. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

14. CAPITAL AND RESERVES

(a) Contributed equity:

| | 2023 Number | 2023 \$ | 2022 Number | 2022 \$ |
|--|--------------------|-------------------|--------------------|-------------------|
| <i>Movements in ordinary shares on issue</i> | | | | |
| 1 July | 367,050,000 | 21,186,134 | 332,492,981 | 19,374,803 |
| Issue of shares for cash | - | - | 34,557,019 | 1,900,636 |
| Share issue costs | - | - | - | (89,305) |
| 30 June | <u>367,050,000</u> | <u>21,186,134</u> | <u>367,050,000</u> | <u>21,186,134</u> |

Ordinary shares have the right to one vote per share at meetings of the Company, to receive dividends as declared and, in the event of a winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held.

(b) Accumulated losses

| | 2023 \$ | 2022 \$ |
|---------------------|---------------------|---------------------|
| 1 July | (16,704,837) | (16,093,183) |
| Loss for the period | (1,360,200) | (611,654) |
| 30 June | <u>(18,065,037)</u> | <u>(16,704,837)</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

| | | |
|---------|-----------|-----------|
| 1 July | (997,078) | (997,078) |
| 30 June | (997,078) | (997,078) |

(d) Non-controlling interest contribution reserve

The non-controlling interest contribution reserve represents the net proceeds from / expenditure on the sale of / acquisition of minority interests, net of the share of net assets disposed / acquired.

| | 2023 \$ | 2022 \$ |
|---------|-------------|-------------|
| 1 July | (1,036,227) | (1,036,227) |
| 30 June | (1,036,227) | (1,036,227) |

15. FINANCIAL RISK MANAGEMENT

General objectives, policies and processes

The consolidated entity's activities expose it to credit risk, market risk (including interest rate risk, price risk and currency risk), liquidity risk, and commodity price risk. This note presents qualitative and quantitative information about the consolidated entity's exposure to each of the above risks, their objectives, policies and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The consolidated entity's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in commodity prices, interest rates and exchange rates. The consolidated entity uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and ageing analysis for credit risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the consolidated entity's development there are no formal targets set for return on capital. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. The consolidated entity has no significant concentration of credit risk. Exposure to credit risk is considered minimal but is monitored on an ongoing basis.

Cash transactions are limited to financial institutions considered to have a suitable credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position at balance date. The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

15. FINANCIAL RISK MANAGEMENT (continued)

The consolidated entity's maximum exposure to credit risk at the reporting date was:

| | 2023 | 2022 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| <i>Carrying amount:</i> | | |
| Cash and cash equivalents | 112,382 | 815,783 |
| Trade and other receivables | 93,257 | 41,115 |
| Other financial assets | 1,291,382 | 1,200,503 |
| | <u>1,497,021</u> | <u>2,057,401</u> |

See Note 7 for explanation and details of Other Financial Assets.

(b) Market risk

(i) Interest rate risk

The significance and management of the risks to the consolidated entity is dependent on a number of factors including (i) interest rates (current and forward) and the currencies that are held; (ii) level of cash and liquid investments; (iii) maturity dates of investments; and (iv) proportion of investments that are fixed rate or floating rate.

The risk is managed by the consolidated entity maintaining an appropriate mix between fixed and floating rate investments. All cash assets are held in Australian dollars.

The consolidated entity's exposure to interest rate risk is considered minimal. The effective interest rates of variable rate income-earning financial assets at the reporting date are as follows.

| | Variable rate instruments at call 2023 (\$) | Weighted average effective interest rate 2023 | Variable rate instruments at call 2022 (\$) | Weighted average effective interest rate 2022 |
|------------------------------|---|---|---|---|
| <i>Financial assets</i> | | | | |
| Cash and cash equivalents | 112,382 | 1.8% | 815,783 | 1.8% |

At the reporting date the carrying amount of the consolidated entity's interest bearing financial assets was:

| | 2023 (\$) | 2022 (\$) |
|---------------------------|------------------|------------------|
| Variable rate instruments | 112,382 | 815,783 |
| Fixed rate instruments | 1,279,487 | 1,188,607 |

At the reporting date the carrying amount of the consolidated entity's interest bearing financial liabilities was:

| | 2023 (\$) | 2022 (\$) |
|------------------------|------------------|------------------|
| Fixed rate instruments | 3,312,770 | 2,831,493 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

15. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

A 100 basis points increase or decrease in the weighted average year-end interest rate of variable rate instruments would have increased / (decreased) consolidated profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2022:

| | Profit and loss (\$) |
|-----------------------|-----------------------------|
| 30 June 2023 increase | 1,124 |
| 30 June 2023 decrease | (1,124) |
| 30 June 2022 increase | 8,158 |
| 30 June 2022 decrease | (8,158) |

(ii) Price risk

The consolidated entity was not exposed to equity securities price risk at 30 June 2023 or 30 June 2022.

(b) Market risk (continued)

(iii) Currency risk

The Company has one US\$ denominated loan with a value of A\$112,384 (US\$73,270) (30 June 2022: A\$97,580 / US\$64,477). Other than this the consolidated entity had no material exposure from changes in foreign currency exchange rates during the 30 June 2023 or 30 June 2022 years.

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as and when they fall due. The consolidated entity's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under a range of financial conditions. The following are the contractual maturities of consolidated non-derivative financial liabilities:

| | Carrying amount (\$) | Contractual cashflows (\$) | 6 months or less (\$) | 7 to 12 months (\$) | 1 to 5 years (\$) |
|--------------------------|---------------------------------|---------------------------------------|----------------------------------|--------------------------------|------------------------------|
| 2023 | | | | | |
| Trade and other payables | 191,141 | 191,141 | 191,141 | - | - |
| Loans and borrowings | 3,312,770 | 3,312,770 | 35,000 | - | 3,277,770 |
| | <u>3,503,911</u> | <u>3,503,911</u> | <u>226,141</u> | <u>-</u> | <u>3,277,770</u> |
| 2022 | | | | | |
| Trade and other payables | 170,234 | 170,234 | 170,234 | - | - |
| Loans and borrowings | 2,831,493 | 2,831,493 | 110,600 | - | 2,720,893 |
| | <u>3,001,727</u> | <u>3,001,727</u> | <u>280,834</u> | <u>-</u> | <u>2,720,893</u> |

Please refer to Notes 16 and 17 for the terms and conditions for loans and borrowings.

(d) Commodity price risk

The consolidated entity is not exposed to commodity price risk at 30 June 2023 or 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

15. FINANCIAL RISK MANAGEMENT (continued)

(e) *Fair values*

The fair values of consolidated financial assets and financial liabilities, together with their carrying amounts shown in the statement of financial position, are as follows:

| <i>Consolidated</i> | Carrying amount 2023 (\$) | Fair value 2023 (\$) | Carrying amount 2022 (\$) | Fair value 2022 (\$) |
|-----------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| Cash and cash equivalents | 112,382 | 112,382 | 815,783 | 815,783 |
| Other financial assets | 1,291,382 | 1,291,382 | 1,200,503 | 1,200,503 |
| Trade and other receivables | 93,257 | 93,257 | 41,115 | 41,115 |
| Loans and borrowings | (3,312,770) | (3,312,770) | (2,831,493) | (2,831,493) |
| Trade and other payables | (191,141) | (191,141) | (170,234) | (170,234) |
| | <u>(2,006,890)</u> | <u>(2,006,890)</u> | <u>(944,326)</u> | <u>(944,326)</u> |

Trade and other receivables / payables carrying amounts are considered to reflect their fair value. The basis for determining fair values is disclosed in Note 1(t).

16. RELATED PARTY TRANSACTIONS

Korab Resources Limited is the ultimate parent entity. Interests in subsidiaries are disclosed in Note 11 and details of key management personnel compensation is set out in Note 17. The remuneration of key management personnel is set out in the Remuneration Report. Related party payables and loans and borrowings are disclosed in Notes 9 and 10. Mr Andrej Karpinski is a director and controlling shareholder of Rheingold Investments Corporation Pty Ltd ("Rheingold"). Mrs Alicja Karpinski is a director and a shareholder of Rheingold. Management contract fees form part of the remuneration of directors and have been disclosed as such in the directors' report.

| | 2023 \$ | 2022 \$ |
|---|--------------------|--------------------|
| Fees to Rheingold Investments Corporation Pty Ltd for: | | |
| - Management contract fees | 327,000 | 327,000 |
| Total fees to Rheingold Investments Corporation Pty Ltd | <u>327,000</u> | <u>327,000</u> |
| | 2023 \$ | 2022 \$ |
| Loans owing to Rheingold Investments Corporation Pty Ltd | 1,091,708 | 929,162 |
| Loans owing to Rodney Skeet (ceased directorship 5 December 2022) | - | 389,145 |
| Loans owing to Anthony Wills | 263,688 | 214,127 |
| Outstanding liabilities to Alicja Karpinski | 112,384 | 97,580 |
| Total related party debt | <u>1,467,780</u> | <u>1,630,014</u> |

During the prior period the directors and Rheingold agreed to suspend payments of the executive services fees (management contract fees) and directors' fees. The unpaid fees are being accrued. The balance of outstanding liabilities to Rheingold, Mr. Karpinski, Mrs Karpinski and their related entities at period end for loans to the parent entity and unpaid fees is \$1,204,092 (2022: \$1,026,741) at an average interest rate of 12%. This aggregate amount consists of loans of \$1,204,092 at an interest rate of 12% (2022: \$1,014,261) and reimbursements of \$Nil at nil interest rate (2022: \$12,481 with a nil interest rate). The loans and unpaid fees are not payable prior to 30 September 2024. These loans and debt become payable immediately on change of control of Korab. Mr. Karpinski and Mrs. Karpinski have not received any directors' fees from Korab or its subsidiaries since the formation of Korab in March 1998 to the date of this report. In addition to corporate management services, Rheingold Investments Corporation Pty Ltd provides to the Company tenement management, mineral exploration, company secretarial, and accounting/bookkeeping services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

16. RELATED PARTY TRANSACTIONS (continued)

During the reporting period accrued Rheingold management fees were converted to loans and some of the prior year loans and converted fees were repaid.

Interest accrued to Rheingold, Mr. Karpinski, Mrs. Karpinski and their related entities during the reporting period was \$121,847 (2022: \$110,014). Above balance of outstanding liabilities to Rheingold, Mr. Karpinski, Mrs Karpinski and their related entities at period end for loans to the parent entity and unpaid fees includes a loan from Alicja Karpinski, which at period end had a balance of US\$73,270 (A\$112,384 at the applicable foreign exchange rate) (2022: US\$64,477, or \$97,580 at applicable foreign exchange rate) at an interest rate of 12%. The loan is not payable prior to 30 September 2024. This loan becomes payable immediately on change of control of Korab. Above interest accrued to Rheingold, Mr. Karpinski, Mrs. Karpinski and their related entities during the reporting period includes interest accrued to Mrs. Karpinski of \$13,083 (2022: \$18,028).

The balance of outstanding liabilities to directors, excluding Mr. Karpinski, Mrs. Karpinski and their related entities at period end for loans to the parent entity and unpaid fees is \$712,994 (2022: \$603,272) at an average interest rate of 12%. The balance of outstanding liabilities to Mr. Wills at period end for loans to the parent entity and unpaid fees is \$263,688 (2022: \$214,127). Interest accrued to Mr. Wills was \$27,462 (2022: \$24,349) for the year ended 30 June 2023. The balance of outstanding liabilities to Mr. Skeet on the date his directorship ceased for loans to the parent entity and unpaid fees is \$415,999 (2022: \$389,146). Interest accrued to Mr Skeet was \$20,353 (2022: \$43,180) during the reporting period up to the date his directorship ceased.

The amount within trade and other payables owed to Directors is \$20,561 (2022: \$17,615), refer to Note 9.

Mr Andrej Karpinski is a director and significant shareholder of Polymetallica Minerals Limited (formerly Uranium Australia Pty Ltd). The balance of outstanding receivables from Polymetallica Minerals Limited at period end is \$1,279,487 (2022: \$1,188,607) at an interest rate of 8.5%. The receivable is not payable prior to 30 September 2024. The balance of outstanding receivables from Polymetallica Minerals Limited consist of funds provided by Company to pay for tenement rents and other project related costs in relation to projects where the Company and Polymetallica have, or had joint venture arrangements, and/or production sharing agreements, plus any accrued interest. These joint venture arrangements and/or production sharing agreements were established when Polymetallica was a subsidiary of the Company prior to Polymetallica being demerged (spun-off) from the Company. The Company has a registered security over all current and future assets of Polymetallica until the debt is repaid in full. During the year Polymetallica paid the Company \$12,000 (2022: \$54,240) in interest with the remaining interest of \$90,879 (2022: \$42,621) accruing. The total interest charged on the loan for the year ended 30 June 2023 was \$102,879 (2022: \$96,681).

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

Apart from the details disclosed in this note, no director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(a) Key management personnel compensation

Names and positions of key management personnel at any time during the year were:

| Name | Position |
|------------------|--|
| Andrej Karpinski | Executive Chairman |
| Alicja Karpinski | Non-Executive Director |
| Anthony Wills | Non-Executive Director |
| Rodney Skeet | Non-Executive Director (until 5 December 2022) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Key management personnel compensation included in corporate compliance and management costs is as follows:

| | 2023 (\$) | 2022 (\$) |
|---------------------|-----------|-----------|
| Short term benefits | 364,515 | 379,000 |
| Post-employment | 2,946 | 2,470 |
| | 367,461 | 381,470 |

Information regarding individual directors and executives' compensation is provided in the Remuneration Report. Details of equity instruments held directly, indirectly or beneficially by key management personnel and their related parties are included in the directors' report.

(b) Other key management personnel transactions

Amounts payable to key management personnel at reporting date in respect of outstanding fees, expenses and loans are:

| | 2023 (\$) | 2022 (\$) |
|--------------------------|-----------|-----------|
| <i>Current</i> | | |
| Trade and other payables | 20,561 | 17,615 |
| Loans and borrowings | 35,000 | 80,600 |
| <i>Non-current</i> | | |
| Loans and borrowings | 1,432,780 | 1,451,833 |

18. CONTINGENT LIABILITIES

In the opinion of the directors there were no material contingent liabilities that existed as at 30 June 2023 or 30 June 2022.

Key Management Personnel Contracts

Contingent liabilities arising from key management personnel contracts are set out in the Remuneration Report.

19. COMMITMENTS

Lease commitments

The office lease, which commenced on 11 August 2013, has not been extended and now continues on a month-by-month basis.

Mining tenements

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Annual expenditure commitments to maintain current rights to tenure of mining tenements | 162,000 | 351,000 |
| Rehabilitation obligations | - | - |
| | 162,000 | 351,000 |

The consolidated entity has obligations to perform minimum exploration work and to meet annual payments in respect of rent and granted tenements. These obligations may be varied from time to time subject to approval and on this basis, they are expected to be fulfilled in the normal course of operations. The Company can also meet its expenditure obligations by seeking joint venture partners, or by causing other parties to expend funds on exploration or mining, or by way of sale of all or part of an interest in a tenement, or by allowing tenements to lapse. Expenditure requirements for applications pending approval are not included.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

19. COMMITMENTS (continued)

Mining tenements commitments by Korab Group and third parties

| | 2023 | 2022 |
|---|----------------|----------------|
| | \$ | \$ |
| Korab Group annual expenditure commitments | 162,000 | 351,000 |
| Third parties' annual expenditure commitments | - | - |
| | <u>162,000</u> | <u>351,000</u> |

20. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

| | 2023 | 2022 |
|--|--------------------|------------------|
| | \$ | \$ |
| <i>Statement of Financial Position</i> | | |
| Current assets | 205,024 | 852,441 |
| Total assets | 4,524,607 | 5,445,773 |
| Current liabilities | 159,044 | 240,894 |
| Total liabilities | 3,436,815 | 2,997,781 |
| Equity | | |
| Contributed equity | 21,186,134 | 21,186,134 |
| Accumulated losses | (20,098,342) | (18,738,142) |
| | <u>1,087,792</u> | <u>2,447,992</u> |
| Loss for the year | <u>(1,360,200)</u> | <u>(611,654)</u> |
| Total comprehensive loss for the year | <u>(1,360,200)</u> | <u>(611,654)</u> |

The parent entity has not provided any financial guarantees in respect of subsidiaries, nor did it have any contingent liabilities as at 30 June 2023 or 30 June 2022.

The Company has obligations to perform minimum exploration work and to meet annual payments in respect of rent on granted tenements. These obligations may be varied from time to time subject to approval and on this basis they are expected to be fulfilled in the normal course of operations. The Company can also meet its expenditure obligations by seeking joint venture partners, or by causing other parties to expend funds on exploration or mining, or by way of sale of all or part of an interest in a tenement, or by allowing tenements to lapse. Expenditure requirements for applications pending approval are not included.

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023**

- (1) In the opinion of the directors of Korab Resources Limited:
- (a) the financial statements and notes set out on pages 24 to 48 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors.



**Andrej K. Karpinski, FAICD, F Fin
Executive Chairman**

Perth, Western Australia
29 September 2023

Independent Auditor's Report To the Members of Korab Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Korab Resources Limited ('the Company') and its subsidiaries ('the Group') which, comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Korab Resources Limited is in accordance with the *Corporations Act 2001*, Including

- Giving a true and fair view of the Group's financial position as at 30 June 2023, and of its financial performance for the year then ended and;
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has given to directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separated opinion on these matters.

Key Audit Matter

How our audit addressed the key audit matter

Carrying Value of Exploration and Evaluation Assets (Refer to Note 8)

Our Procedures, amongst others, included:

At 30 June 2023, the Group's carrying value of Exploration and Evaluation Assets was 3,094,682 and recognised an impairment loss of \$652,591

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amounts. Any impairment losses are then measured in accordance with AASB 136 *Impairment of Assets*.

This area is a key audit matter as significant judgement is required in determining whether:

- The capitalised Exploration and Evaluation assets meet the recognition criteria in terms of AASB 6 *Exploration for and Evaluation of Mineral Resources*; and
- Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6.

- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future;
- Obtaining evidence of the Group's intention to carry out exploration and evaluation activities in the relevant areas of interest. This included checking announcements made by the Company to the ASX, reading board minutes and checking related exploration work programmes;
- Assessing whether the Group has the ability to fund its exploration and evaluation commitments;
- Evaluating Group documents such as announcements made by the Company to the ASX, geologist reports and board minutes to check whether exploration and evaluation activities in the relevant area of interest were unsuccessful;
- For any tenements that were surrendered in an area of interest post reporting date we checked that management had written off the relevant costs at 30 June 2023 and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

Recoverability of Polymetallica Minerals Limited (Polymetallica) loan receivable (Refer to Note 7)

At 30 June 2023, Korab Resources Limited had a receivable of \$1,279,487 in relation to the non-current loan to Polymetallica.

The primary asset of Polymetallica is expenditure on areas of interest in the exploration and evaluation phase

We considered this to be a key audit matter due to the material nature of the asset and the significant audit effort directed towards this area.

Our Procedures, amongst others, included:

- Verifying the balance of the loan at 30 June 2023 to the loan confirmation from Polymetallica;
- Verifying and checking the security interests held by Korab Resources Limited over Polymetallica projects as security over the loan repayment;
- Assessing and considering the independent valuation over the relevant areas of interest of Polymetallica assets;
- Assessing the competence, experience and independence of the independent valuer;
- Obtaining a confirmation from the valuer that there have been no significant changes in the valuation assumptions; and
- Checking that the rights to tenure for Polymetallica areas of interest are current.

Note 10 - Classification of Liabilities

The operations of the Group are funded through capital raisings and borrowings from related and external parties.

At 30 June 2023, the Group had \$3,312,770 in borrowings representing 95% of the total liabilities. \$35,000 of the borrowings are classified as current and \$3,277,770 is classified as non-current. Given the size of these borrowings and the importance for continued operations, the accounting for the Group's borrowings is considered a key audit matter.

Our Procedures, amongst others, included:

- Obtaining the confirmations from the funders confirming the borrowings at the reporting date including the amounts and the interest rate;
- For borrowings classified as non-current we verified that the lender confirmed in writing that the Group has unconditional right to defer payments and that there were no repayments required until at least 30 September 2024.
- Obtaining details of the voluntary payments made post balance sheet date and the date of the audit report and checked that these payments were classified as current liabilities;
- We checked the interest calculations on the loans and verified that the interest on the loans was calculated in accordance with the contractual terms.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, is the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Korab Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



Nigel Dias
Director Perth, 29 September 2023

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Korab Resources Limited is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Korab Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Parent Company has neither full time nor part time employees. Most of the administration and technical functions are outsourced to contractors who observe their own diversity and equal opportunity policies. Subsidiaries that form the Korab Group are encouraged to seek diversification in their employment policies.

For further information on corporate governance policies adopted by Korab Resources Limited, refer to our website: www.korabresources.com.au.

BOARD OBJECTIVES

The Board will develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholders value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities;

- developing initiatives for profit and assets growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to directors in a timely manner to facilitate directors' participation in Board discussions on a fully informed basis.

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the financial report is included in the Directors' Report.

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new directors being their ability to add value to the Company and its business.

The Board has adopted the ASX Corporate Governance Councils definition of an independent director contained their report titled "The Principles of Good Corporate Governance and Best Practice Recommendations".

The current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

CORPORATE GOVERNANCE STATEMENT (Continued)

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

A profile of each director containing the applicable information is set out in the Directors' Report.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

At this time Korab has no remuneration or nomination committee. The board intends to form a remuneration committee during the current financial year.

NOMINATION ARRANGEMENTS

Where a vacancy is considered to exist, the board will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting. All directors, except the Executive Chairman, are subject to re-election by shareholders at least every three years.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

PERFORMANCE

During the reporting period the entity did not have a formal process for evaluation of directors and executives due to there only being three in total. The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment.

REMUNERATION ARRANGEMENTS

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board intends to link the nature and amount of executive directors' emoluments to the Company's financial and operational performance. The expected outcomes of this remuneration structure will be:

- Retention and motivation of directors and executive officers
- Performance rewards to allow directors and executive officers to share the rewards of the success of Korab Resources Limited

The remuneration of the Executive Chairman is decided by the non-executive directors. In determining competitive remuneration rates the directors review local and international trends among comparative companies and the industry generally. Directors intend to consider an employee share option plan during the current financial year.

The maximum remuneration of non-executive directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The duration of non-executive director's remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive director.

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.

CORPORATE GOVERNANCE STATEMENT (Continued)

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

AUDIT COMMITTEE

The shareholders in general meeting are responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors. The Board has not yet established formal audit committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information.

IDENTIFICATION AND MANAGEMENT OF RISK

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

INDEPENDENT DIRECTORS

The independent director is Anthony Wills.

FEMALE EMPLOYEES

As at 30 June 2023 the parent company had no part time or full time employees.

As at 30 June 2023 the proportion of males and females employed by the Korab Group (including local and overseas subsidiaries) was as follows:

| | Male | Female | Total | % Female |
|-----------|------|--------|-------|----------|
| Directors | 2 | 1 | 3 | 33.3% |
| Other | - | 1 | 1 | 100.0% |
| Total | 2 | 2 | 4 | 50.0% |

CORPORATE GOVERNANCE STATEMENT (Continued)

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

From 1 July 2022 to 30 June 2023 (the "Reporting Period") the Company complied with the Corporate Governance Principles and the Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below:

| | Notification of Departure | Explanation of Departure |
|-------------|--|--|
| 1.5 | The Company does not have a diversity policy | The parent Company does not have either full time or part time employees. The contractors supplying services to the Company observe their own diversity and equal opportunity policies. The Board is confident that Korab Group's recruitment practices result in the employment of the most suitable candidate without discriminating unfairly against any potential employee on the basis of gender, age, ethnicity, culture, or on any other basis. |
| 2.1 | A separate Nomination Committee has not been formed. | The Board intends to appoint a Nomination Committee during the current financial year. |
| 2.2 | The Company has not set out a "skills matrix" disclosing the mix of skills that the board currently has or is looking to achieve in its membership | The Board considers that the Company is currently of a size and complexity where the setting out of "skills matrix" is not necessary to ensure that the Board is aware of the skills that the Board currently has or is looking to achieve in its membership. If the Company's activities increase in size, scope and/or nature the "skills matrix" will be set out and disclosed by the Board. |
| 2.4 | Majority of the Company's Board are not independent directors | The Board considers that it is appropriate that the majority of the Board are not independent directors given the size of the Board, and the Company's current size and complexity. |
| 2.5 | The Chairman is not an independent director and acts in the capacity of chief executive officer | The Board considers that the Company is currently of a size and complexity where the Chairman can act in an executive capacity. If the Company's activities increase in size, scope and/or nature the appointment of a non-executive Chairman will be considered by the Board. |
| 4.1 | The Company does not have an Audit Committee chaired by an independent director who is not the Chair of the Board | Given the size of the Board it is necessary that all board members, including the Executive Chairman, act in the capacity of audit committee. One of the three directors who currently comprise the board is an independent non-executive director who is identified in the Company's Corporate Governance Statement. |
| 6.3 | The Company has not adopted a policy to encourage participation at meetings of security holders | The Board considers that shareholders currently receive both the information and adequate notice to participate at meetings of security holders. |
| 7.1, 7.2 | The Company does not have a Risk Committee | The Board considers that it is of an effective composition, size, and commitment to adequately discharge its responsibilities and duties. Board meets regularly to discuss and review the risk management framework but no formal review of the risk management framework occurred during the period. |
| 7.3 | The Company does not have an internal audit function | The Board considers that the Company is not currently of a size to justify the formation of an internal audit function. The Board considers that it is of an effective composition, size, and commitment to adequately discharge its responsibilities and duties given the Company's size, complexity, and nature of operations. All members of the Board meet regularly to evaluate and continually improve the effectiveness of Company's governance, risk management, and internal control processes. If the Company's activities increase in size, scope and/or nature the internal audit function will be developed and disclosed by the Board. |
| 8.1 | The Company does not have Remuneration Committee | The Board considers that the Company does not require a remuneration committee given the Company's current size and complexity and the size of the Board. The Board intends to appoint a Remuneration Committee once the Company's size and complexity increase. |

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules as at 25 September 2023 and not disclosed elsewhere in this report is set out below.

SUBSTANTIAL SHAREHOLDERS

The following shareholders have lodged substantial shareholder notices with ASX:

| Beneficial holder | Shares | % |
|----------------------|------------|-------|
| Andrej K. Karpinski, | 59,734,739 | 16.27 |

DISTRIBUTION OF SHAREHOLDERS

The distribution of security holders is as follows:

| Range of holding | Shareholders | Number Of Ordinary Shares |
|------------------|--------------|---------------------------|
| 100,001 and over | 309 | 329,675,975 |
| 10,001 – 100,000 | 861 | 35,023,760 |
| 5,001 – 10,000 | 225 | 1,900,954 |
| 1,001 – 5,000 | 138 | 418,354 |
| 1 – 1,000 | 167 | 30,957 |
| Totals | 1,700 | 367,050,000 |

The number of shareholders holding less than a marketable parcel of ordinary shares is 912.

VOTING RIGHTS (ORDINARY SHARES)

The voting rights attaching to Ordinary Shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. It is the policy of the Company to decide on a poll all resolutions put to a meeting. No options have any voting rights.

SCHEDULE OF MINERAL TENEMENTS

The details of tenements and land leases held by Korab Resources Limited and controlled entities as of 25 September 2023 are as follows:

Winchester, Geolsec, and Batchelor Tenements Located in the Pine Creek Orogen in the Northern Territory

| Tenement | Registered Holder/Applicant | Status | Grant Date | Korab Group Share (%) | Expiry Date | Area (hectares) | Next Annual Rent | Next Year Annual Minimum Expenditure | Responsible Entity |
|----------|-----------------------------|---------|------------|-----------------------|-------------|-----------------|------------------|--------------------------------------|-------------------------------|
| EL29550 | Korab Resources Limited | Granted | 1/08/2012 | 100% | 31/07/2024 | 17,100 | \$14,000 | \$57,000 | Korab Group |
| EL31341 | Korab Resources Limited | Granted | 28/11/2016 | 100% | 27/11/2024 | 6,500 | \$6,000 | \$25,000 | Korab Group |
| MLN512 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 16 | \$650 | N/A | Korab Group |
| MLN513 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 16 | \$650 | N/A | Korab Group |
| MLN514 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 16 | \$650 | N/A | Korab Group |
| MLN515 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 16 | \$650 | N/A | Korab Group |
| MLN542 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 15 | \$630 | N/A | Korab Group |
| MLN543 | Korab Resources Limited | Granted | 19/04/1982 | 100% | 31/12/2023 | 15 | \$630 | N/A | Korab Group |
| ML27362 | Geolsec Phosphate | Granted | 22/04/2010 | 100% | 21/04/2035 | 234 | \$5,500 | N/A | Korab Group |
| ML30587 | AusMag | Granted | 21/10/2015 | 100% | 20/10/2040 | 349 | \$9,000 | N/A | Korab Group |
| | | | | | | 24,278 | \$38,360 | \$82,000 | NT Tenements Sub-Total |

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

SCHEDULE OF MINERAL TENEMENTS (Continued)

Mount Elephant Tenements Located in Ashburton Mineral Field in Western Australia

| Tenement | Registered Holder/Applicant | Status | Grant Date | Korab Group Share (%) | Expiry / Surrender Date | Area (blocks) | Next Annual Rent | Next Year Annual Minimum Expenditure | Responsible Entity |
|-----------|-----------------------------|-------------|------------|-----------------------|-------------------------|---------------|------------------|--------------------------------------|-------------------------------|
| E 08/2756 | Australian Copper | Granted | 9/09/2016 | 100% | 8/09/2026 | 10 | \$7,470 | \$50,000 | Australian Copper |
| E 08/2757 | Australian Copper | Granted | 23/02/2017 | 100% | 22/02/2027 | 5 | \$3,735 | \$30,000 | Australian Copper |
| E 52/2724 | Australian Copper Holdings | Granted | 18/07/2013 | 100% | 14/07/2023* | 42 | NIL* | NIL* | Australian Copper Holdings |
| E 08/2307 | Australian Copper Holdings | Granted | 23/08/2013 | 100% | 14/07/2023* | 25 | NIL* | NIL* | Australian Copper Holdings |
| E 08/3561 | Korab Resources Limited | Application | N/A | 100% | N/A | 199 | N/A | N/A | Korab Resources Limited |
| E 52/4223 | Korab Resources Limited | Application | N/A | 100% | N/A | 171 | N/A | N/A | Korab Resources Limited |
| | | | | | | 452 | \$11,205 | \$80,000 | WA Tenements Sub-Total |

*Subsequent to the end of the reporting period, tenements E 08/2307 and E 52/2724 were surrendered.

Bobrikovo Tenements Located in the Luhansk Region in Eastern Ukraine

| Tenement | Registered Holder/Applicant | Status | Grant Date | Korab Group Share | Expiry Date | Area | Next Year Annual Rent | Next Year Annual Minimum Expenditure |
|------------|-----------------------------|---------|------------|-------------------|-------------|------|-----------------------|--------------------------------------|
| BKB169 | LLC "Donetsky Kryazh" | Granted | 30/10/2007 | 100% | 30/10/2037 | 25ha | N/A | N/A |
| 4420381100 | LLC "Donetsky Kryazh" | Granted | 29/07/2009 | 100% | 17/07/2018* | 8ha | N/A | N/A |
| 1589 | LLC "Donetsky Kryazh" | Granted | 29/07/2009 | 100% | 17/06/2018* | 13ha | N/A | N/A |
| 2730 | LLC "Donetsky Kryazh" | Granted | 17/06/2002 | 100% | 17/06/2018* | 12ha | N/A | N/A |

*On 24 September 2019, the Company reported that it has received notification that on the basis of the Presidential Executive Order/Decree, all exploration licences, mining permits, and leases held by LLC "Donetsky Kryazh" whose term would have otherwise expired, have been prolonged until the end of the hostilities in the Luhansk region.

The consolidated entity has obligations to perform minimum exploration work and to meet annual payments in respect of rent on granted tenements. These obligations may be varied from time to time subject to approval and on this basis they are expected to be fulfilled in the normal course of operations. The Company can also meet its expenditure obligations by seeking joint venture partners, or by causing other parties to expend funds on exploration or mining, or by way of sale of all or part of an interest in a tenement, or by allowing tenements to lapse. Expenditure requirements for applications pending approval are not included.

ON-MARKET BUYBACK

There is no current on-market buyback.

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

| Rank | Name | 25 September 2023 | % |
|----------------------------|---|-------------------------|---------------|
| 1 | RHEINGOLD INVESTMENTS CORPORATION PTY LTD | 59,700,000 | 16.26 |
| 2 | CUSTODIAL SERVICES LIMITED | 25,884,421 | 7.05 |
| 3 | RIADIS HOLDINGS PTY LTD | 17,500,000 | 4.77 |
| 4 | CHANCERY HOLDINGS PTY LTD | 10,400,000 | 2.83 |
| 5 | GATWICK TRADING PTY LTD | 9,084,096 | 2.47 |
| 6 | VECTOR NOMINEES PTY LTD | 7,980,889 | 2.17 |
| 7 | SERGIY ANTONENKO | 7,500,000 | 2.04 |
| 8 | MR JIHAD MALAEB | 7,100,000 | 1.93 |
| 9 | SELWYN BRUCE HATRICK | 6,800,152 | 1.85 |
| 10 | MR ANTONINO DI FRANCESCO | 6,181,000 | 1.68 |
| 11 | MR SCOTT GILCHRIST | 5,815,143 | 1.58 |
| 12 | MR GARY WILLIAM LITTLE | 5,603,232 | 1.53 |
| 13 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 5,556,204 | 1.51 |
| 14 | LJM ENTERPRISES (WA) PTY LTD | 5,500,000 | 1.50 |
| 15 | MR ANDREW GORDON MCCREA | 4,410,063 | 1.20 |
| 16 | MR XI YU ZHANG | 4,410,000 | 1.20 |
| 17 | MR PETER MAC GARWOOD | 4,357,177 | 1.19 |
| 18 | MR CRAIG ANDREW JOHNSON | 4,275,000 | 1.16 |
| 19 | SHARESIES NOMINEE LIMITED | 3,815,983 | 1.04 |
| 20 | SUPERHERO SECURITIES LIMITED | 3,471,487 | 0.95 |
| Total | | 205,344,847 | 55.94 |
| Balance of register | | 161,705,153 | 44.06 |
| Grand total | | 367,050,000 | 100.00 |

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

MINERAL RESOURCE ESTIMATES

Korab Resources Ltd holds two projects where mineral resources have been estimated: Winchester Project and Bobrikovo Project. Korab reviews its mineral resources annually utilising outside consultants, who have in excess of 5 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking and which is sufficient to qualify them as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Winchester Deposit within the Winchester Project in the Northern Territory

Current estimate of mineral resource at Winchester is shown in the following table:

| At 40% MgO Cut-Off | Mass | MgO grade | MgO Mass |
|--------------------|---------------|-------------|--------------|
| | '000 Tonnes | % | '000 Tonnes |
| Indicated | 12,200 | 43.1 | 5,258 |
| Inferred | 4,400 | 43.6 | 1,918 |
| Total | 16,600 | 43.2 | 7,177 |

There has been no change to the Winchester mineral resource estimate since previous year.

The Competent Person is not aware of any new information or data that materially affects the information included in the Company's ASX Release - "Acquisition Of The Rum Jungle/Batchelor Project In Northern Territory" on 16 July 2007 and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates in the report released on 16 July 2007 continue to apply and have not materially changed. The form and context in which the findings of the report released on 16 July 2007 are presented have not been materially modified. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Winchester project consists of Mineral Lease ML30587 (100% AusMag Pty Ltd, a wholly owned subsidiary of Korab Resources Ltd). The project is located near town of Batchelor, some 70 km south of Darwin in the Northern Territory. The Company is confident that there are reasonable prospects for eventual economic extraction of the mineral resource.

Competent Person Statement

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralization and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Malcolm Castle consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

Bobrikovo Deposit in Ukraine

Current estimate of gold and silver mineral resource at Bobrikovo is shown in the following tables:

CURRENT GOLD MINERAL RESOURCE AT BOBRIKOV PROJECT (ABOVE 0.5 G/T AU CUT-OFF GRADE)

| At 0.5g/t Au Cut-Off | Mass | Au grade | Au Mass |
|----------------------|----------------|------------|--------------|
| | '000 Tonnes | g/t | '000 Ounces |
| Measured | 2,317 | 1.6 | 121 |
| Indicated | 5,194 | 1.4 | 229 |
| Inferred | 98,404 | 0.9 | 2,953 |
| Total | 105,916 | 1.0 | 3,303 |

Totals may differ due to rounding

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

MINERAL RESOURCE ESTIMATES (Continued)

CURRENT SILVER MINERAL RESOURCE AT BOBRIKOVO PROJECT (ABOVE 5 G/T AG CUT-OFF GRADE)

| At 5g/t Ag Cut-Off | Mass | Ag grade | Ag Mass |
|--------------------|---------------|------------|---------------|
| | '000 Tonnes | g/t | '000 Ounces |
| Measured | 2,090 | 14.0 | 937 |
| Indicated | 5,529 | 13.9 | 2,467 |
| Inferred | 46,533 | 8.6 | 12,869 |
| Total | 54,152 | 9.4 | 16,274 |

Totals may differ due to rounding

There has been no change to the Bobrikovo mineral resource estimate since previous year.

The Bobrikovo Mineral Resource was first disclosed on 16 July 2013 and is based on information compiled and reviewed by Andrew Hawker, who is a principal geological consultant for HGS Australia Exploration Services.

The Competent Person is not aware of any new information or data that materially affects the information first included in the Company's ASX Release – "JORC Resource At Bobrikovo Estimated At 3.3 Million Oz. Au And 16.3 Million Oz. Ag" on 16 July 2013 and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates in the report released on 16 July 2013 continue to apply and have not materially changed. The form and context in which the findings of the report released on 16 July 2013 are presented have not been materially modified. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Bobrikovo project consists of tenements and land leases BKB169, 646545, 2730, 4101 (100% LLC "Donetsky Kryazh", a wholly owned subsidiary) and is located 70km south of Luhansk in Ukraine.

Bobrikovo Project is located in eastern part of Ukraine in the Donbas region. This project has been written-off in full at the consolidation level in Financial Report covering period ending 30 June 2014. For expiry dates of the tenements forming this project and relevant comments regarding extension of term please refer to the Schedule of Mineral Tenements on page 61. The Company is confident that there are reasonable prospects for eventual economic extraction of the mineral resource.

Competent Person Statement

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralization and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Malcolm Castle consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.