



KORAB RESOURCES LIMITED

ABN 17 082 140 252

**INTERIM FINANCIAL REPORT
31 DECEMBER 2020**

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	7
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REVIEW REPORT	18

DIRECTORS' REPORT

Your directors submit the financial report for Korab Resources Limited ("Korab") and its subsidiaries ("consolidated entity" or "Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Andrej K. Karpinski	Executive Chairman
Rodney H.J. Skeet	Non-Executive Director
Anthony G Wills	Non-Executive Director

Review of Operations

WINCHESTER MAGNESIUM CARBONATE PROJECT (NT)

As previously reported to the market on 12 September 2018 and in subsequent report on 5 April 2019, the Company intends to produce raw magnesium carbonate rock which will be crushed and screened on-site at the Winchester quarry, as well as high grade and low grade CCM, and DBM which will be processed off-site using toll-processing through kilns owned by third-parties. Consequently the production of CCM and DBM will not require additional capital investment.

Korab Group continued discussions and negotiations with various parties including trading houses, refractory ceramics producers, other potential buyers of magnesium carbonate rock, CCM, and DBM, as well as kiln operators, and equipment suppliers. Discussions with interested 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 transaction will eventuate from these discussions. Other than the agreement with ZM Ropczyce reported during the March 2019 quarter, no commercial terms have been agreed between the parties. 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 regarding offtakes and/or toll-treatment have been reached.

Korab continued the work on the permitting for the Winchester quarry. On 15 July 2020 Korab reported that following the amendments to environmental assessment legislation and our discussions with the NT Department of Primary Industry and Resources and the NT Environmental Protection Agency it has been determined that the Notice of Intent to mine (NOI) for the Winchester quarry is no longer required. Korab further advised that as a consequence, Korab Group will be proceeding directly to prepare and submit to the NT Department of Industry, Tourism, and Trade (formerly Department of Primary Industry and Resources) the Mine Management Plan for Winchester quarry (MMP). The work completed to date on the NOI is being used in the preparation of the MMP and will be useful in the development and the management of the Winchester quarry.

Korab Group continues to work on the MMP with the aim of completing it as soon as possible. The process of MMP preparations is complex and in addition to the design of the start-up quarry, requires addressing issues relating to potential future expansion of the project and its related logistics and infrastructure. Consequently, Korab Group is not in a position at this point in time to provide temporal guidance regarding the anticipated timing of the completion and the lodgment of the MMP. Korab Group will advise the market once the MMP for the Winchester quarry has been completed and lodged

BATCHELOR/GREEN ALLIGATOR POLYMETALLIC PROJECT (NT)

Korab continued exploration and evaluation of Batchelor/Green Alligator project with particular focus on gold, cobalt, nickel, lead, and base metals. No reportable 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 JV's to explore the project for various commodities. The Company has also continued discussions with third parties regarding a potential toll treatment of gold ore stockpiled at the Sundance gold mine located near Winchester magnesium carbonate deposit, within mining leases MLN542 and MLN543 (which are also owned by Korab). The exploration licence EL29550 forming part of the Batchelor Project located in the Northern Territory has been renewed for further 2 years to 31 July 2022 and is eligible for further renewals.

DIRECTORS' REPORT (continued)**GEOLSEC ROCK PHOSPHATE PROJECT (NT)**

During the reporting period Korab Group focused on other mineral assets and consequently exploration work at the Geolsec project was limited. An unrelated company (the Miner), which is sub-leasing the Geolsec phosphate project from Korab Group (as reported to the market on 25 July 2018), has advised Korab that it is working on its own development plans including the permitting for the Geolsec phosphate quarry prior to commencing extraction of the phosphate rock for export.

BOBRIKOVO GOLD AND SILVER PROJECT (UKRAINE)

On 24 September 2019 Korab Group reported 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. Notwithstanding the uncertain situation in eastern Ukraine where the project is located, Korab Group continued engagement with stakeholders, contractors, advisers, and potential partners/investors with the view to a JV, sub-leasing, sale, or re-commencing operations at this project.

MT. ELEPHANT/ASHBURTON DOWNS PROJECT (WA)

Korab Group 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 31 December 2020, Mt. Elephant consisted of 4 granted exploration licences E08/2757, E52/2724, E08/2307, E08/2756, and 3 exploration licence applications E52/3872, E08/3264 and E08/3302 ("Tenements"). Korab decided not to apply for the extension/renewal of the exploration licence E08/2115 which was due to expire on 3 November 2020 and consequently the licence has expired. On 19 November 2020 the Warden ordered the dismissal of the application for forfeiture of exploration licence E08/2115 brought by Ashcroft Resources Pty Ltd with no order as to cost.

Great Fingall Mining Company NL (GFMC), held the option to acquire the project (as reported to the market on 25 July 2018), The option held by GFMC expired on 21 June 2020 as envisaged in the ASX report dated 25 October 2019. The transaction covered the Mt. Elephant Project located in the Ashburton Mineral Field south of Paraburdoo in Western Australia. Korab Group and GFMC are currently negotiating a new option agreement. No terms have been agreed between the parties and there can be no certainty that any agreement or agreements can be reached or that any transaction will eventuate from these discussions.

Whilst GFMC is responsible for the exploration, and other costs associated with Mt. Elephant Project accrued up to and including the expiry date of the option, Korab Group was providing exploration management and tenement management support to GFMC. GFMC is to reimburse Korab for provision of these services.

Corporate

The Company reported a consolidated loss after taxation for the period of \$379,025 (31 December 2019: loss of \$282,166), primarily relating to revenue of \$160,000 (2019: \$Nil) from sub-leasing of Geolsec phosphate project, corporate compliance and administration costs of \$217,091 (2019: \$352,937), and an impairment for exploration expenditure of \$395,459 (2019: \$Nil) resulting from the expiry of a tenement.

The Company reported consolidated profit from ordinary activities of \$16,434 (2019: loss of \$282,166) before impairment write-off of \$395,459 (2019: \$Nil) resulting from the expiry of a tenement.

Events subsequent to the end of the reporting period

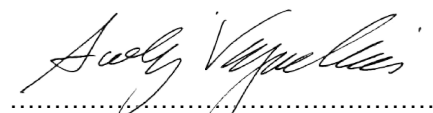
No matter or circumstance has arisen since 31 December 2020 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA Partnership), to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



.....
Andrej K. Karpinski
Executive Chairman

16 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Korab Resources Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
16 March 2021


D I Buckley
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated	
	Notes	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	2	160,000	10,000
Finance income		52,073	44,945
Foreign exchange gain		14,153	-
Other income		-	10,527
Finance expense		(135,305)	(109,515)
Corporate compliance and administration		(217,091)	(352,937)
Impairment of exploration expenditure (tenement expiry)	3	(395,459)	-
Occupancy costs		(17,512)	(13,017)
Contractor expenses capitalised	3	164,647	130,109
Conference, travel and public relations		(4,531)	(2,278)
Loss before income tax		(379,025)	(282,166)
Income tax expense		-	-
Loss for the half-year		(379,025)	(282,166)
Other comprehensive income for the half-year net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
Total comprehensive loss for the half-year		(379,025)	(282,166)
Basic and diluted loss per share (cents per share)		(0.11)	(0.09)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Consolidated	
	Notes	31 Dec 2020	30 June 2020
		\$	\$
Current assets			
Cash and cash equivalents		71,742	163,840
Trade receivables and other financial assets		47,790	102,455
Total current assets		119,532	266,295
Non-current assets			
Trade receivables and other financial assets		1,126,264	1,090,993
Exploration and evaluation	3	2,986,410	3,144,427
Total non-current assets		4,112,674	4,235,420
Total assets		4,232,206	4,501,715
Current liabilities			
Trade and other payables		432,188	484,836
Loans and other borrowings	10	40,500	135,393
Total current liabilities		472,688	620,229
Non-current liabilities			
Loans and borrowings	10	2,359,443	2,102,386
Total non-current liabilities		2,359,443	2,102,386
Total liabilities		2,832,131	2,722,615
Net assets		1,400,075	1,779,100
Equity			
Contributed equity	4	19,374,803	19,374,803
Foreign currency translation reserve		(997,078)	(997,078)
Non-controlling interest contribution reserve		(1,036,227)	(1,036,227)
Accumulated losses		(15,941,423)	(15,562,398)
Total equity		1,400,075	1,779,100

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Consolidated	Contributed Equity	Foreign Currency Translation Reserve	Non- controlling Interest Contribution Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2019	19,037,575	(997,078)	(1,036,227)	(15,301,258)	1,703,012
Loss for the period	-	-	-	(282,166)	(282,166)
Total comprehensive loss for the period	-	-	-	(282,166)	(282,166)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued for cash	218,500	-	-	-	218,500
Balance at 31 December 2019	19,256,075	(997,078)	(1,036,227)	(15,583,424)	1,639,346
Balance at 1 July 2020	19,374,803	(997,078)	(1,036,227)	(15,562,398)	1,779,100
Loss for the period	-	-	-	(379,025)	(379,025)
Total comprehensive loss for the period	-	-	-	(379,025)	(379,025)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-	-
Balance at 31 December 2020	19,374,803	(997,078)	(1,036,227)	(15,941,423)	1,400,075

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Tenement sub leasing receipts	240,000	-
Payments to suppliers and employees	(104,411)	(86,596)
Interest received	5,991	152
Interest paid	(2,735)	(15,569)
Net cash inflows / (outflows) from operating activities	138,845	(102,013)
Cash flows from investing activities		
Exploration and evaluation expenditure reimbursed	15,000	184,309
Exploration and evaluation expenditure	(78,860)	(105,899)
Net cash inflows / (outflows) from investing activities	(63,860)	78,410
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	218,500
Proceeds from applications for ordinary shares to be refunded	-	48,661
Proceeds from borrowings	533,500	83,800
Option fee received	-	10,000
Repayment of advances from other entities	20,810	28,990
Repayments of borrowings	(721,393)	(363,812)
Net cash flows from / (used in) financing activities	(167,083)	26,139
Net (decrease) / increase in cash and cash equivalents	(92,098)	2,536
Cash and cash equivalents at the beginning of the half- year	163,840	82,716
Cash and cash equivalents at the end of the half-year	71,742	85,252

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Korab Resources Limited and its subsidiaries during or since the end of the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

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 an excess of current liabilities over current assets of \$353,156 (30 June 2020: \$353,934) and net cash inflows from operations for the period of \$138,845 (31 December 2019: outflows of \$102,013). 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 Group will need to seek additional funding 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 are confident of being able to obtain additional funding through increase in debt, raising of additional share capital, 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. The Group has secured the deferral of debt (from directors, and external parties) and the Company's position is contingent on continued deferral of this debt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Significant accounting policies**

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020 other than noted below.

Standards and Interpretations applicable to 31 December 2020

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2020.

The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Company 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 half-year ended 31 December 2020. 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 Group and, therefore, no change is necessary to group accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 2: REVENUE

	Consolidated	
	6 months ended 31 December 2020 \$	6 months ended 31 December 2019 \$
Tenement sub leasing fees – over time revenue	160,000	-
Option fee – over time revenue	-	10,000
	<u>160,000</u>	<u>10,000</u>

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months ended 31 December 2020 \$	12 months ended 30 June 2020 \$
<i>Areas of interest in the exploration and evaluation phase:</i>		
Cost at beginning of the year	3,299,646	3,013,829
Capitalised contractor fees	164,647	307,450
Other expenditure capitalised during the period	87,795	172,695
Impairment of exploration expenditure (tenement expiry)	(395,459)	-
Expenditure reimbursed and reimbursable	(15,000)	(194,328)
Cost at end of the year	<u>3,141,629</u>	<u>3,299,646</u>
Impairment provision	<u>(155,219)</u>	<u>(155,219)</u>
Carrying amount at the end of the year	<u>2,986,410</u>	<u>3,144,427</u>

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.

A subsidiary, Australian Copper Holdings Pty Ltd, has recognised an impairment charge of \$395,459 during the period as a consequence of the relinquishment of a tenement.

The Directors are of the opinion that whilst the tenure of the Bobrikovo project and related operations are not affected by the current political developments in Ukraine, the uncertainty as to the future direction of the developments there makes it prudent to be conservative. The exploration and evaluation expenditure attributable to the Bobrikovo project has been written-off at consolidation level in earlier reporting periods to reflect this conservative approach.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 4: CONTRIBUTED EQUITY

	Consolidated			
	6 months ended 31 December 2020		12 months ended 30 June 2020	
	Number	\$	Number	\$
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of period	332,492,981	19,374,803	311,799,483	19,037,575
Issue of shares for cash	-	-	20,693,498	337,228
Balance at end of period	332,492,981	19,374,803	332,492,981	19,374,803

NOTE 5: CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities that existed as at 31 December 2020.

NOTE 6: SEGMENT REPORTING

The group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the group 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 Resources Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the group are determined upon analysis of these internal reports.

During the period, the group 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.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2020 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.

NOTE 8: FINANCIAL INSTRUMENTS

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to previous reporting period. The carrying value of financial assets and financial liabilities are considered to be a reasonable approximation of their fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 9: RELATED PARTY TRANSACTIONS

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Consolidated	
	6 months ended 31 December 2020	6 months ended 31 December 2019
	\$	\$
Non-executive directors' fees accrued and converted to loans	24,050	36,833
Non-executive directors' fees paid and payable	24,050	36,833
Management contract fees accrued and converted to loans	163,500	163,500
Management contract fees paid and payable	163,500	163,500

Statement of Financial Position

During a 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 and his related entities at period end for loans to the parent entity and unpaid fees is \$800,500 (30 June 2020: \$660,926) at an average interest rate of 12%. This aggregate amount consists of loans of \$22,803 (30 June 2020: \$14,026) at an interest rate of 22% and \$777,697 at an interest rate of 12% (30 June 2020: \$646,900). The loans and unpaid fees are not payable prior to 31 March 2022. These loans and debt become payable immediately on change of control of Korab. Mr. Karpinski has not received any directors' fees from Korab or its subsidiaries since the formation of Korab in March 1998. During the reporting period accrued directors' fees and Rheingold management contract fees were converted to loans and some of the prior year loans were repaid by Korab.

The balance of outstanding liabilities to Mrs. Karpinski, at period end for a loan to the parent entity is 97,632 United States Dollars (A\$127,730 at the applicable foreign exchange rate) (30 June 2020: 91,651 United States Dollars, or A\$134,115 at applicable foreign exchange rate) at an interest rate of 12%. The loan is not payable prior to 31 March 2022. This loan becomes payable immediately on change of control of Korab.

The balance of outstanding liabilities to directors, excluding Mr. Karpinski, and their related entities at period end for loans to the parent entity and unpaid fees is \$499,761 (30 June 2020: \$1,150,863) at the average interest rate of 12% pa. The loans and unpaid fees are not payable prior to 31 March 2022.

Mr Andrej Karpinski is a director and significant shareholder of Polymetallica Minerals Limited (formerly Uranium Australia Ltd). The balance of outstanding receivables from Polymetallica Minerals Limited at period end is \$1,114,369 (30 June 2020: \$1,089,097) at an interest rate of 8.5%. The receivable is not payable prior to 31 March 2022. The balance of outstanding receivables 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 the registered security over all current and future assets of Polymetallica until the debt owing to the Company and any accrued interest is repaid in full. During the half-year \$46,082 (2019: \$44,793) of accrued interest was recognised and Polymetallica repaid the Company \$20,810 (2019: \$28,990) of the debt.

Other than disclosed above there were no related party transactions during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 10: LOANS AND BORROWINGS

	31 Dec 2020	30 June 2020
	\$	\$
<i>Current</i>		
Loans payable - related parties – unsecured (i)	40,500	135,393
Loans payable - third parties – unsecured (ii)	-	-
	<u>40,500</u>	<u>135,393</u>
<i>Non-current</i>		
Loans payable - related parties – unsecured (i)	1,387,500	1,810,511
Loans payable - third parties – unsecured (ii)	971,943	291,875
	<u>2,359,443</u>	<u>2,102,386</u>

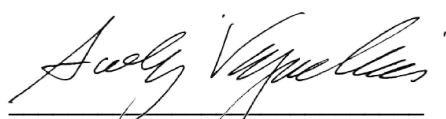
- (i) The terms and conditions of related party loans and borrowings are set out in Note 9, Related Party Transactions.
- (ii) The third party loans and borrowings are on arms-length terms and conditions. The third party loans and borrowings are not payable prior to 31 March 2022 and are at an interest rate of 12%.

DIRECTORS' DECLARATION

In the opinion of the directors of Korab Resources Limited ('the company'):

1. The attached financial statements and notes thereto as set out on pages 7 to 16 are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Andrej K. Karpinski
Executive Chairman

16 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Korab Resources Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Korab Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the interim ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the interim end or from time to time during the interim.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Korab Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the interim ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

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

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
16 March 2021



D I Buckley
Partner