



KORAB RESOURCES LIMITED

ABN 17 082 140 252

**INTERIM FINANCIAL REPORT
31 DECEMBER 2022**

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	16
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	17
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	20
NOTES TO THE FINANCIAL STATEMENTS	21
DIRECTORS' DECLARATION	26
INDEPENDENT AUDITOR'S REVIEW REPORT	27

DIRECTORS' REPORT

Your directors submit the financial report for Korab Resources Limited ("Korab" or "the Company") and its subsidiaries ("consolidated entity" or "Korab Group" or "the Group") for the half-year ended 31 December 2022. 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 (until 5 December 2022)
Anthony G. Wills	Non-Executive Director
Alicja Karpinski	Non-Executive Director (appointed 6 December 2022)

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."

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.

The "Winchester Magnesium Scoping Study" report can be downloaded directly from the ASX website by either following the link below or by cutting and pasting this link into your browser:

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02497261-6A1080972?access_token=83ff96335c2d45a094df02a206a39ff4

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 2023.

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.

DIRECTORS' REPORT (continued)

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 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 actively 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.

Prior to the Australian federal election which was held in May 2022, federal government established the \$2 billion Critical Minerals Facility (which is managed by Export Finance Australia) to finance production of magnesium metal (among other critical minerals). The federal government also announced reforms to the Northern Australia Infrastructure Facility (NAIF) to enable provision of finance to projects like Winchester Magnesium Project and to provide additional funding of \$2 billion to NAIF to finance projects located in northern Australia.

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 59 of "*KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022*", 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.

DIRECTORS' REPORT (continued)

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.

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)

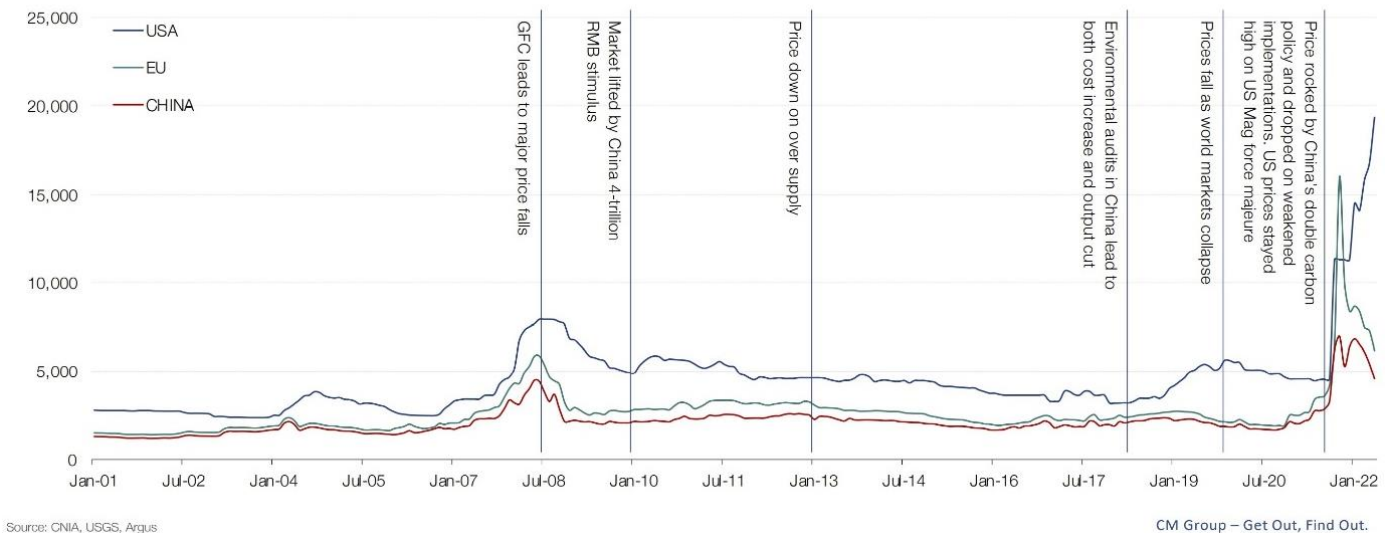


Figure 1 Global pure magnesium prices

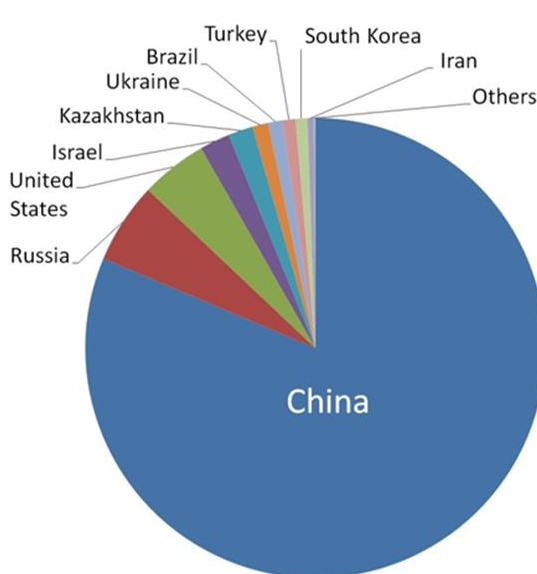


Figure 2 Global primary magnesium production share by country (2020)

DIRECTORS' REPORT (continued)

Winchester Project waited for development for 2 decades primarily because of low magnesium prices prevailing between 2000 and 2020 (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 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. Following the end of 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)

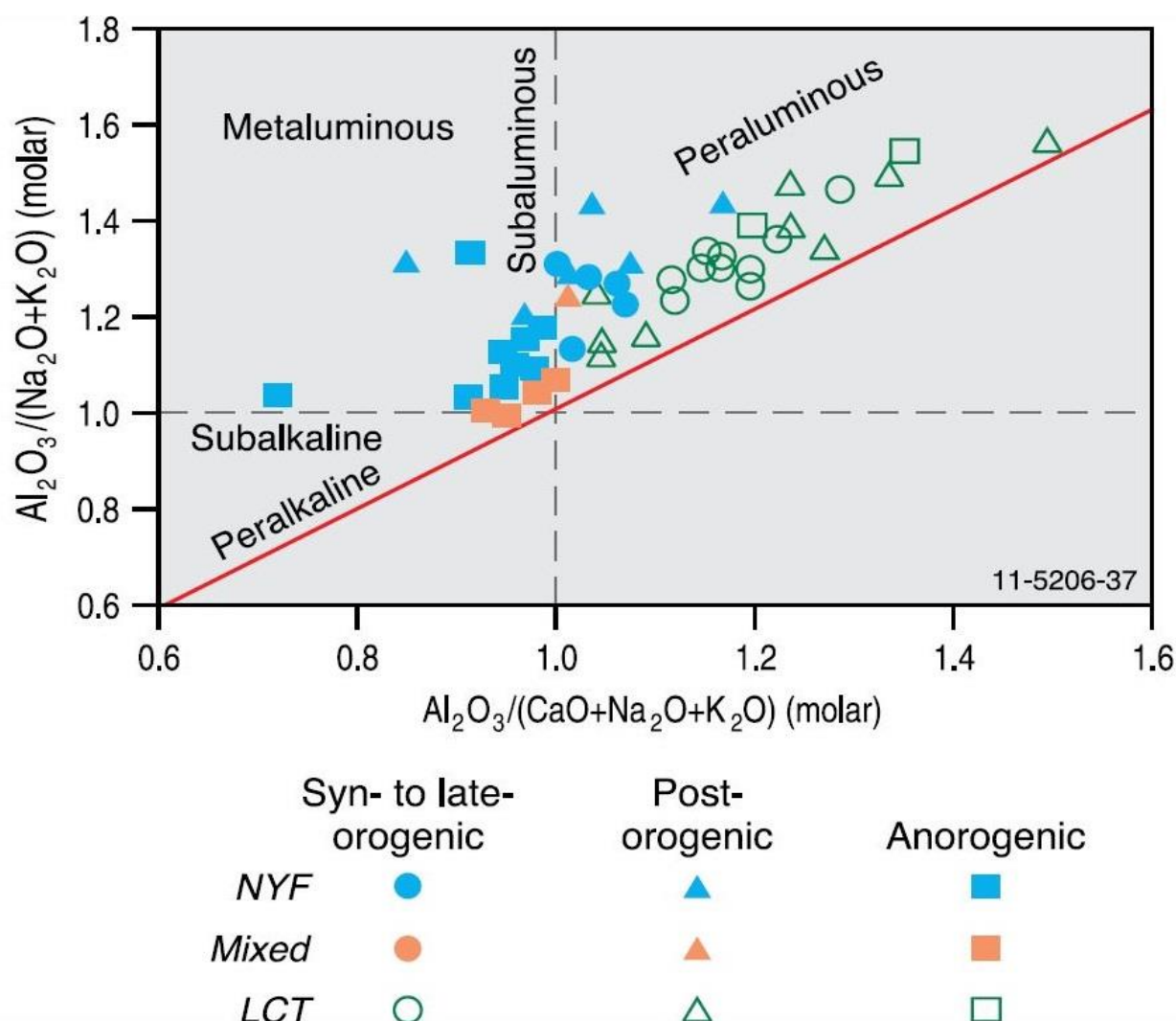


Figure 3 Pegmatite types associations

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 further 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

DIRECTORS' REPORT (continued)

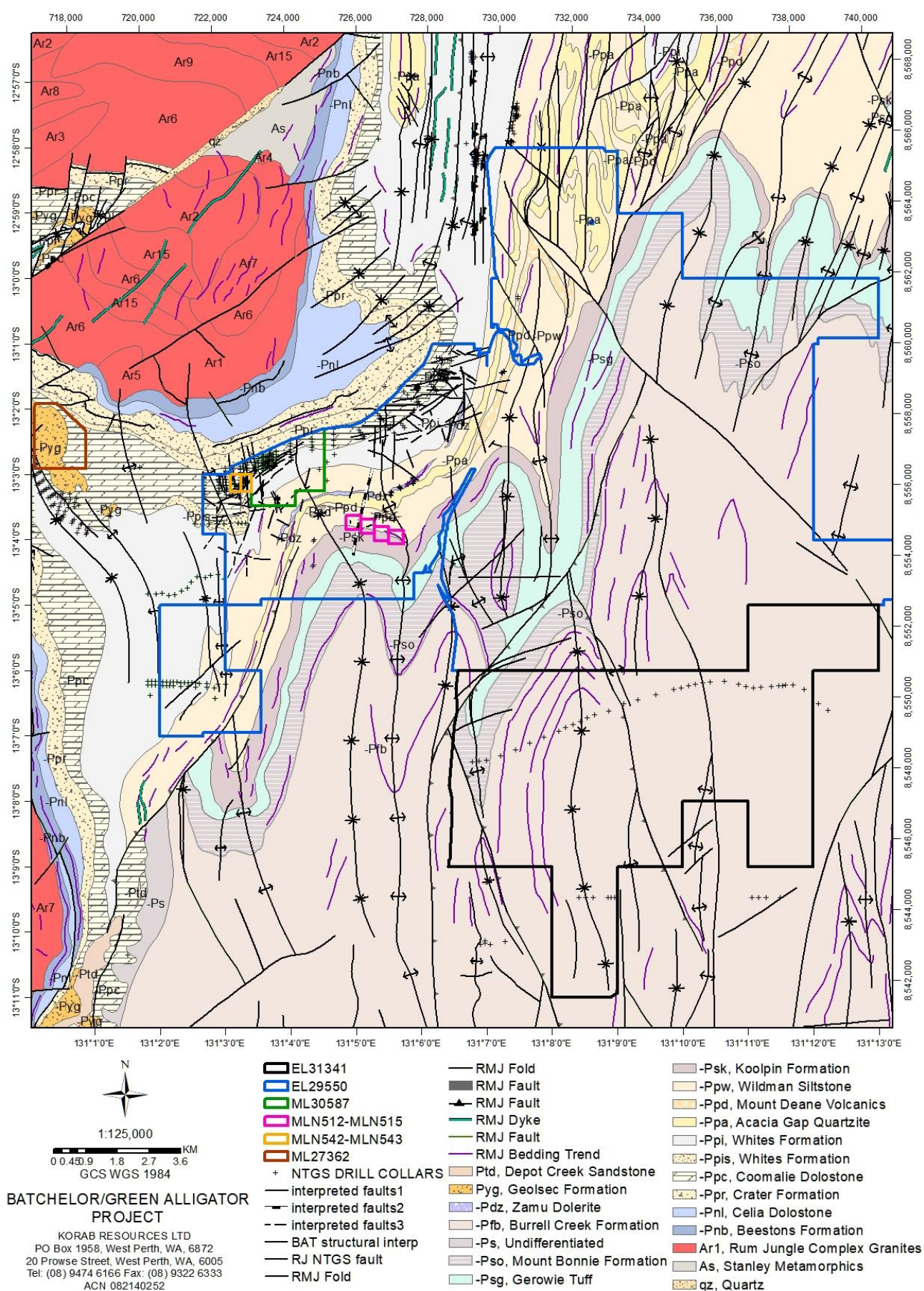


Figure 4 Batchelor/Green Alligator Project tenements and NTGS database drill collars on solid and structural geology

DIRECTORS' REPORT (continued)

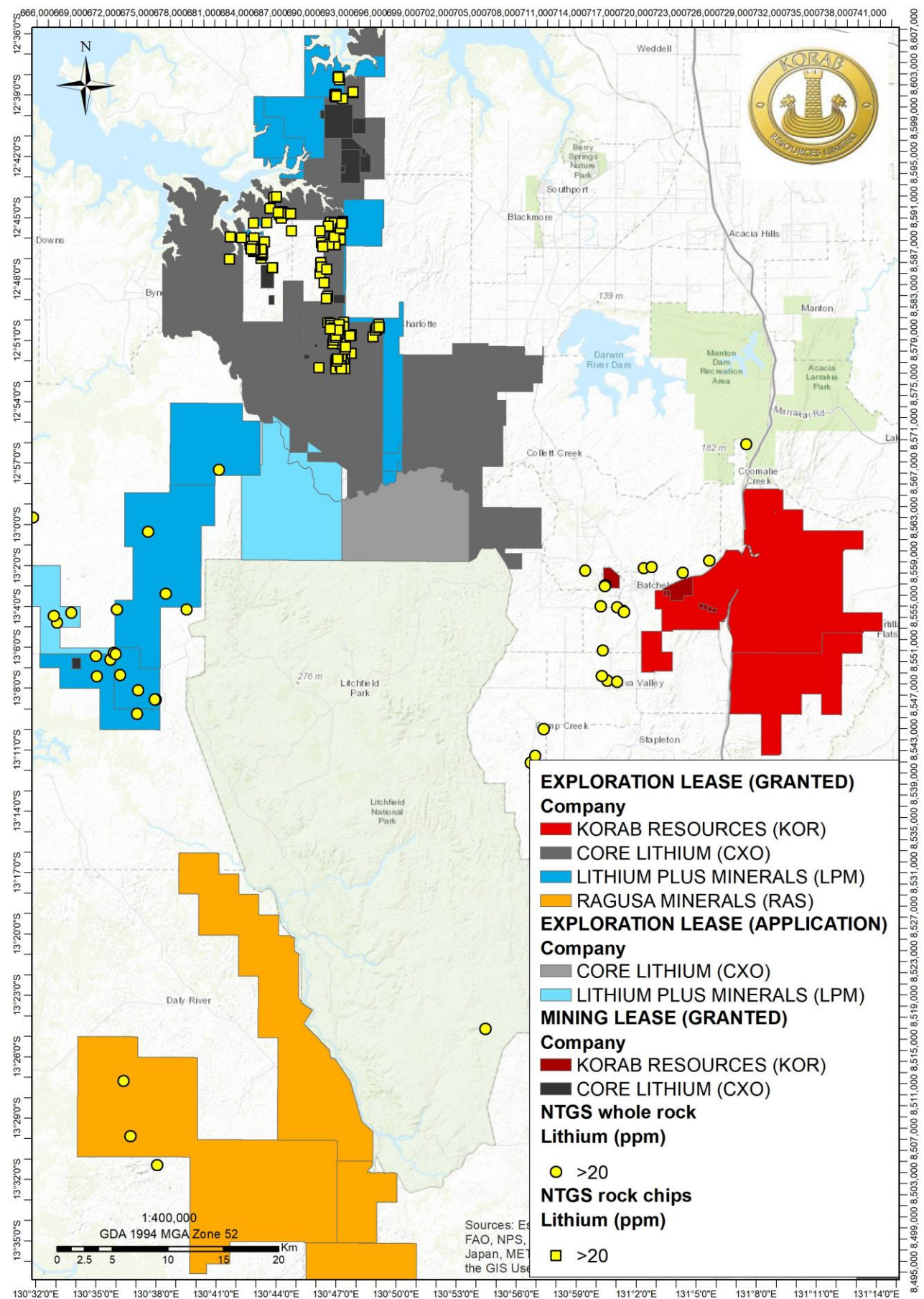


Figure 5 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples.

DIRECTORS' REPORT (continued)

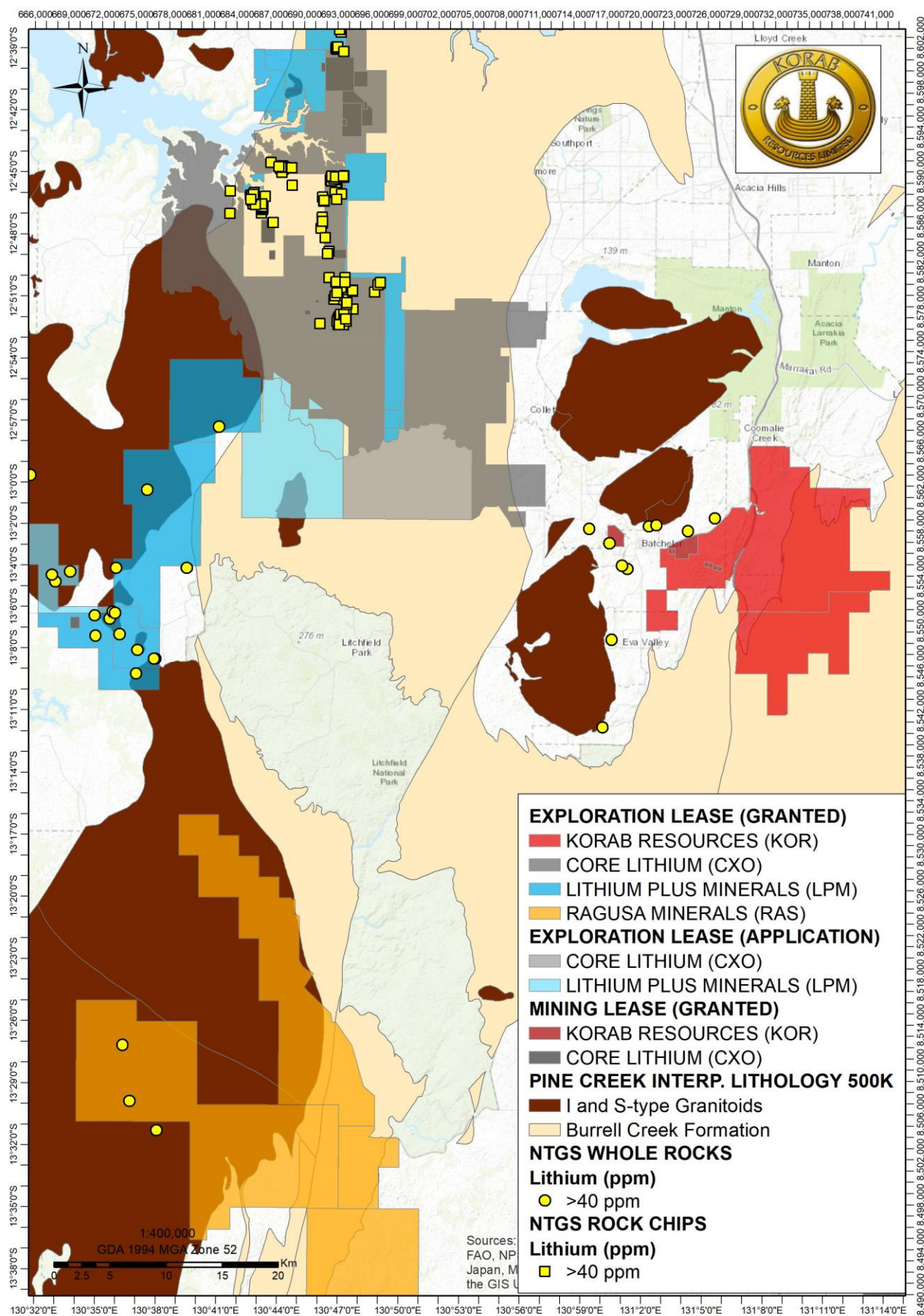


Figure 6 Core Lithium, Lithium Plus, and Ragusa projects relative to Korab projects showing lithium-rich samples, Burrell Creek Formation and source granites.

DIRECTORS' REPORT (continued)

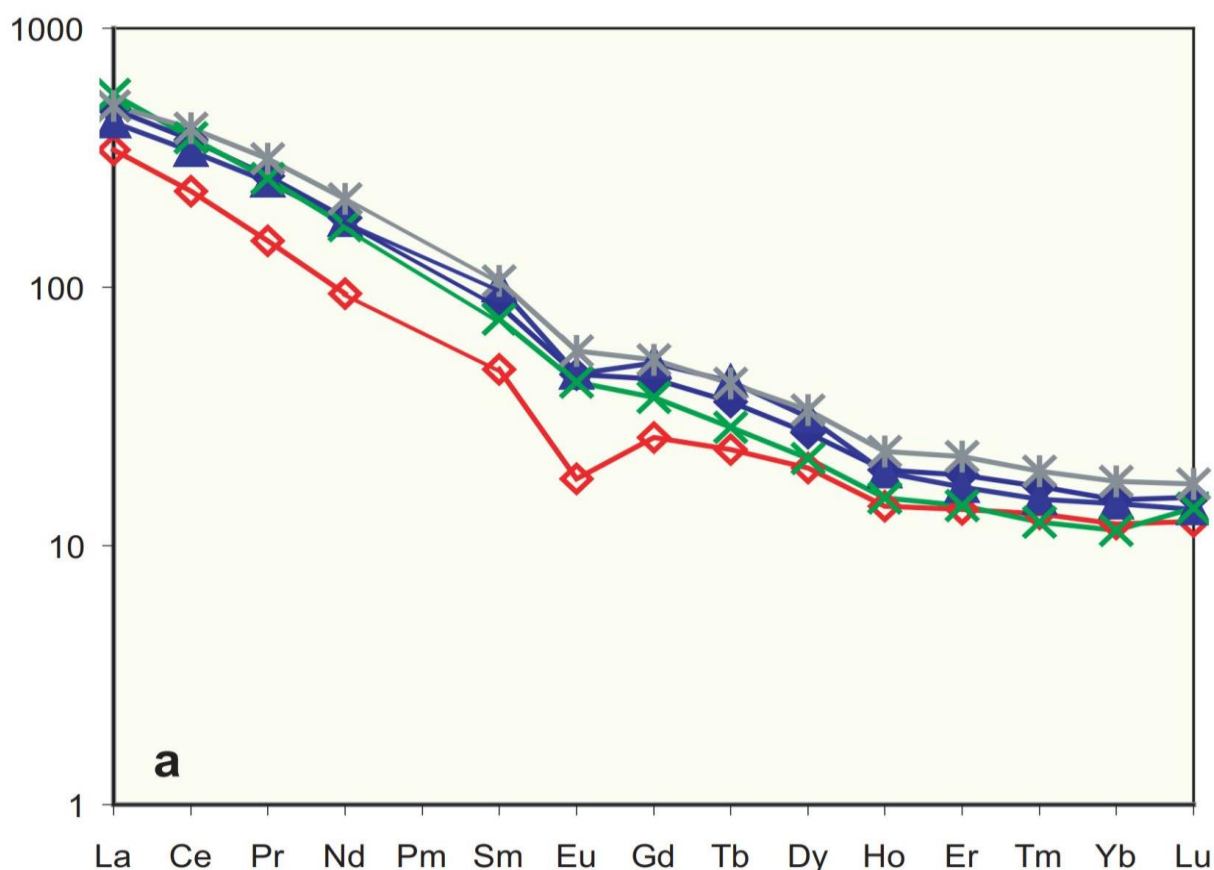


Figure 7 REO spidergram for Rum Jungle Complex granites; after Ahmad et al (2006), data from McCready et al (2004).

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), which is sub-leasing the Geolsec phosphate project from Korab (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. The Company has received to date cash payments totalling \$717,200 arising from the sub-leasing of the Geolsec project.

As reported during prior reporting period, the Miner has expressed an interest in purchasing the Geolsec project. The Company reported on 12 November 2021 that following the review of the Geolsec project, phosphate market economics, and other factors, it has decided not to sell the Geolsec project, and that it has terminated further discussions regarding such sale. For further details please refer to the ASX report dated 12 November 2021 and titled "*Magnesium and phosphate projects review completed*".

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.

DIRECTORS' REPORT (continued)*Bobrikovo Gold And Silver Project (Luhansk Region, Ukraine)*

On 24 September 2019, Korab 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.

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 59 and 60 of "KORAB RESOURCES LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022", 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 31 December 2022, Mt. Elephant consisted of 4 granted exploration licences E08/2756, E08/2757, E08/2307, E52/2724, and 6 exploration licence applications ELA08/3264, ELA08/3302, ELA08/3561, E52/3872, ELA52/4205, and ELA52/4223.

Great Fingall Mining Company NL (GFMC) held an 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. Korab and GFMC are still discussing a new option agreement, or other potential transaction regarding this project. 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.

Corporate

The Group reported a consolidated loss after taxation for the period of \$312,112 (31 December 2021: loss of \$289,709), primarily relating to corporate compliance and administration costs of \$304,712 (2021: \$319,926).

Events subsequent to the end of the reporting period

No matter or circumstance has arisen since 31 December 2022 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.

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.

Amarda's appointment was ratified by shareholders at the Annual General meeting held on 28 November 2022.

DIRECTORS' REPORT (continued)**Auditor's Independence Declaration**

Section 307C of the *Corporations Act 2001* requires our auditors, Armada Audit and Assurance Pty Ltd, 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 16 and forms part of this directors' report for the half-year ended 31 December 2022.

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



.....
Andrej K. Karpinski
Executive Chairman

15 March 2023

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

KORAB RESOURCES LIMITED

As lead auditor for the review of Korab Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief there have been:

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

This declaration is in respect of Korab Resources Limited and the entities it controlled during the half-year ended 31 December 2022.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 15 March 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

		Consolidated	
	Notes	31 Dec 2022	31 Dec 2021
		\$	\$
Revenue	2	-	36,364
Finance income		52,203	51,482
Foreign exchange gain / (loss)		1,593	(4,749)
Finance expense		(169,248)	(164,299)
Corporate compliance and administration		(304,712)	(319,926)
Occupancy costs		(19,250)	(17,545)
Contractor expenses capitalised		152,566	130,357
Conference, travel and public relations		(4,604)	(7,332)
Field and survey costs		(20,660)	-
Other		-	5,939
Loss before income tax		(312,112)	(289,709)
Income tax expense		-	-
Loss for the half-year		(312,112)	(289,709)
Other comprehensive income for the half-year net of income tax			
<i>Items that may be reclassified to profit or loss</i>		-	-
Total comprehensive loss for the half-year		(312,112)	(289,709)
Basic and diluted loss per share (cents per share)	11	(0.09)	(0.08)

The above condensed consolidated statement of profit or loss and other 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 2022

	Notes	31 Dec 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents		613,705	815,783
Trade receivables and other financial assets		159,742	41,115
Total current assets		<u>773,447</u>	<u>856,898</u>
Non-current assets			
Trade receivables		11,896	11,696
Financial assets	10	1,239,399	1,188,807
Exploration and evaluation	3	3,623,042	3,392,318
Total non-current assets		<u>4,874,337</u>	<u>4,592,821</u>
Total assets		<u>5,647,784</u>	<u>5,449,719</u>
Current liabilities			
Trade and other payables		107,286	170,234
Loans and borrowings	9	388,800	110,600
Total current liabilities		<u>496,086</u>	<u>280,834</u>
Non-current liabilities			
Loans and borrowings	9	3,015,818	2,720,893
Total non-current liabilities		<u>3,015,818</u>	<u>2,720,893</u>
Total liabilities		<u>3,511,904</u>	<u>3,001,727</u>
Net assets		<u>2,135,880</u>	<u>2,447,992</u>
Equity			
Contributed equity	4	21,186,134	21,186,134
Foreign currency translation reserve		(997,078)	(997,078)
Non-controlling interest contribution reserve		(1,036,227)	(1,036,227)
Accumulated losses		(17,016,949)	(16,704,837)
Total equity		<u>2,135,880</u>	<u>2,447,992</u>

The above condensed 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 2022**

Consolidated	Contributed Equity	Foreign Currency Translation Reserve	Non- controlling Interest Contribution Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2022	21,186,134	(997,078)	(1,036,227)	(16,704,837)	2,447,992
Loss for the period	-	-	-	(312,112)	(312,112)
Total comprehensive loss for the period	-	-	-	(312,112)	(312,112)
<i>Transactions with owners in their capacity as owners:</i>					
Balance at 31 December 2022	21,186,134	(997,078)	(1,036,227)	(17,016,949)	2,135,880
Balance at 1 July 2021	19,374,803	(997,078)	(1,036,227)	(16,093,183)	1,248,315
Loss for the period	-	-	-	(289,709)	(289,709)
Total comprehensive loss for the period	-	-	-	(289,709)	(289,709)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued for cash, net of transaction costs	1,811,331	-	-	-	1,811,331
Balance at 31 December 2021	21,186,134	(997,078)	(1,036,227)	(16,382,892)	2,769,937

The above condensed 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 2022**

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Tenement sub leasing receipts	-	36,364
Payments to suppliers and employees	(101,774)	(65,155)
Interest received	1,411	2,825
Interest paid	(5,339)	(4,929)
Net cash outflows from operating activities	(105,702)	(30,895)
Cash flows from investing activities		
Exploration and evaluation expenditure	(253,226)	(66,166)
Net cash outflows from investing activities	(253,226)	(66,166)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	1,900,636
Capital raising costs	-	(89,304)
Proceeds from borrowings	3,224,450	585,910
Repayment of advances from other entities	-	47,240
Repayment of borrowings	(3,067,600)	(870,432)
Net cash inflows from financing activities	156,850	1,574,050
Net (decrease) / increase in cash and cash equivalents	(202,078)	1,476,989
Cash and cash equivalents at the beginning of the half- year	815,783	93,313
Cash and cash equivalents at the end of the half-year	613,705	1,570,302

The above condensed 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 2022****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 2022 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 2022.

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 assets over current liabilities of \$277,361 (30 June 2022: surplus of \$576,064) and net cash outflows from operations for the period of \$105,702 (31 December 2021: outflows of \$30,895). 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 has secured the deferral of debt (from directors, and external parties) and the Company's position is contingent on continued deferral of this debt. The Group may 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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 2022 other than noted below.

Standards and Interpretations applicable to 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods 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 Group 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 2022. 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.

NOTE 2: REVENUE

	Consolidated	
	6 months ended 31 December 2022 (\$)	6 months ended 31 December 2021 (\$)
Tenement sub leasing fees – over time revenue	-	36,364
	-	36,364

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months ended 31 December 2022 (\$)	12 months ended 30 June 2022 (\$)
<i>Areas of interest in the exploration and evaluation phase:</i>		
Cost at beginning of the period	3,942,996	3,583,961
Capitalised contractor expenses	152,556	241,581
Other expenditure capitalised during the period	78,168	117,454
Cost at end of the period	4,173,720	3,942,996
Impairment provision	(550,678)	(550,678)
Carrying amount at the end of the period	3,623,042	3,392,318

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE (continued)

The Directors are of the opinion that whilst the tenure of the Bobrikovo project is 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.

NOTE 4: CONTRIBUTED EQUITY

	Consolidated			
	6 months ended 31 December 2022		12 months ended 30 June 2022	
	Number	\$	Number	\$
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of period	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)
Balance at end of period	367,050,000	21,186,134	367,050,000	21,186,134

NOTE 5: CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities that existed as at 31 December 2022 or 31 December 2021.

NOTE 6: 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.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2022 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.

NOTE 9: LOANS AND BORROWINGS

	31 Dec 2022	30 June 2022
	\$	\$
<i>Current</i>		
Loans payable - related parties – unsecured (i)	25,200	80,600
Loans payable - third parties – unsecured (ii)	363,600	30,000
	<u>388,800</u>	<u>110,600</u>
<i>Non-current</i>		
Loans payable - related parties – unsecured (i)	1,716,605	1,549,413
Loans payable - third parties – unsecured (iii)	1,299,213	1,171,480
	<u>3,015,818</u>	<u>2,720,893</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 9: LOANS AND BORROWINGS (continued)

- (i) The terms and conditions of related party loans and borrowings are set out in Note 10, Related Party Transactions.
- (ii) The loans and borrowings are on arms-length terms and accrue interest at 12% per annum
- (iii) These loans and borrowings accrue interest at 12% per annum, are on arms-length terms, and are not payable prior to 31 March 2024.

NOTE 10: RELATED PARTY TRANSACTIONS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Consolidated	
	6 months ended 31 December 2022	6 months ended 31 December 2021
	\$	\$
Non-executive directors' fees accrued and converted to loans	22,240	24,050
Non-executive directors' fees paid and payable	22,240	24,050
Management contract fees accrued and converted to loans	179,850	179,850
Management contract fees paid and payable	179,850	179,850

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 \$976,708 at an average interest rate of 12% (30 June 2022: \$929,162 at an average interest rate of 11.8%). \$951,508 of the loans and unpaid fees are not payable prior to 31 March 2024. 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. Interest accrued to Rheingold, Mr. Karpinski and his related entities during the reporting period was \$50,327 (2021: \$47,098). 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 balance of outstanding liabilities to Mrs. Karpinski, at period end for a loan to the parent entity is US\$68,776 (A\$102,732 at the applicable foreign exchange rate) (30 June 2022: US\$64,477, or A\$97,580 at applicable foreign exchange rate) at an interest rate of 12%. The loan is not payable prior to 31 March 2024. This loan becomes payable immediately on change of control of Korab. Interest accrued to Mrs. Karpinski during the reporting period was \$6,745 (2021: \$9,294).

The balance of outstanding liabilities to Mr. Skeet at period end for loans to the parent entity and unpaid fees is \$424,070 (30 June 2022: \$389,145). The balance of outstanding liabilities to Mr. Wills at period end for loans to the parent entity and unpaid fees is \$238,295 (30 June 2022: \$214,127). The loans and unpaid fees are not payable prior to 31 March 2024. Interest accrued to Mr Skeet during the reporting period was \$23,735 (2021: \$21,125). Interest accrued to Mr. Wills during the reporting period was \$13,118 (2021: \$11,883).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 10: RELATED PARTY TRANSACTIONS (continued)

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 \$1,239,399 (30 June 2022: \$1,188,807) at an interest rate of 8.5%. The receivable is not payable prior to 31 March 2024. 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 have 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 (without exceptions) until the debt owing to the Company and any accrued interest is repaid in full. During the half-year the Company charged Polymetallica \$50,792 (2021: \$48,657) in interest and Polymetallica repaid the Company \$Nil (2021: \$47,240).

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

NOTE 11: BASIC LOSS PER SHARE

	31 Dec 2022 \$	31 Dec 2021 \$
Basic and diluted loss per share (cents)	(0.09)	(0.08)
Loss from operations attributable to ordinary equity holders of Korab used to calculate basic and diluted earnings per share	(312,112)	(289,709)
Weighted average number of shares outstanding during the period used to calculate basic and diluted earnings per share	367,050,000	344,700,624

NOTE 12: 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

	31 Dec 2022 \$	31 Dec 2021 \$
Annual expenditure commitments to maintain current rights to tenure of mining tenements	363,000	421,000
	<u>363,000</u>	<u>421,000</u>

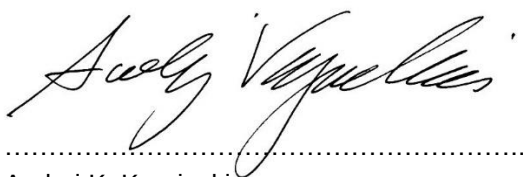
The consolidated entity has obligations to perform minimum exploration work and to meet annual payments in respect of rent and granted tenements. These obligations may be varied from time to time subject to approval and on this basis, they are expected to be fulfilled in the normal course of operations. 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.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the attached half-year financial statements and notes as set out on pages 17 to 25 comply with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, and
2. the attached half-year financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
3. 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 made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:



.....
Andrej K. Karpinski
Executive Chairman

15 March 2023

Independent Auditor's Review Report to the Members of Korab Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying Condensed Consolidated Half-Year Financial Report of Korab Resources Limited ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at half-year end from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Condensed Consolidated Half-Year Financial Report of Korab Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year 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 Responsibility for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.



ARMADA

AUDITING

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 Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Group are responsible for the preparation of the Condensed Consolidated Half-Year 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 Condensed Consolidated Half-Year Financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year 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 Condensed Consolidated Half-Year 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias

Director, Dated 15 March 2023, Perth Western Australia.

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