



**KORAB RESOURCES LIMITED**

**ABN 17 082 140 252**

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2021**

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## 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 2021. 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)

On 12 September 2018 and in subsequent report on 5 April 2019, the Company reported that it 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 caustic calcined magnesia (CCM), and dead burned magnesia (DBM) which will be processed off-site using toll-processing through kilns owned by third-parties. Consequently, the production of CCM and DBM in this case would not require additional capital investment.

Subsequent to the end of the reporting period, on 9 March 2022, the Company reported results of the scoping study into production of 50,000 tonnes per year of magnesium metal at Winchester using owned and operated kiln and magnesium production facility. The scoping study reported the estimated capital costs of establishing the mine, and processing plant (including kiln and magnesium production facility) of between \$409 million and \$415 million. The Company reported that magnesium metal production costs have been estimated at between \$5,300 and \$5,400 per tonne, the annual gross profit has been estimated at between \$230 million and \$235 million, and the NPV of the Winchester project has been estimated at approximately \$1 billion using a discount rate of 12%. Please refer to the ASX report dated 9 March 2022 and titled "*Winchester Magnesium Scoping Study*" for further details and for the cautionary statement. The Company has further advised that it has commenced a second scoping study into production of magnesium metal using alternative technology with the aim of reducing the input costs and making the project more sustainable.

Korab continued discussions and negotiations with various parties including trading houses, magnesium users, aluminium-magnesium alloy makers, car makers, refractory ceramics producers, and other potential buyers of magnesium metal, 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 mine. Korab 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 into production of magnesium metal and its related logistics and infrastructure. Consequently, Korab 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 will advise the market once the MMP for the Winchester mine 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, scandium, 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.

**DIRECTORS' REPORT (continued)**

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). On 6 December 2021, the Company reported that one stockpile of gold ore has been removed, and another stockpile has been modified by third parties without the Company's authorisation.

**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.

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

**BOBRIKOVO GOLD AND SILVER PROJECT (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. Notwithstanding the uncertain situation in eastern Ukraine where the project is located, during the reporting period Korab 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.

Following the end of the reporting period, the Company has received an expression of interest from an unrelated third party wishing to purchase the project. These discussions 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.

**MT. ELEPHANT/ASHBURTON DOWNS PROJECT (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 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").

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. Korab and GFMC are still 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.

**DIRECTORS' REPORT (continued)****Corporate**

The Group reported a consolidated loss after taxation for the period of \$289,709 (31 December 2020: loss of \$379,025), primarily relating to revenue of \$36,364 (2020: \$160,000) from sub-leasing of Geolsec phosphate project, corporate compliance and administration costs of \$319,926 (2020: \$217,091), and an impairment for exploration expenditure of \$Nil (2020: \$395,459).

*Capital raising*

On 28 October 2021, the Company announced a placement of 34,557,019 shares at 5.5 cents each to un-related exempt investors to raise approximately \$1,900,636 before transaction costs. Placement funds will be used to continue exploration and development work on Korab's mineral assets, for general working capital purposes and to retire debt.

**Events subsequent to the end of the reporting period**

No matter or circumstance has arisen since 31 December 2021 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.

**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 2021.

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 2022

## 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 2021, 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 2022



**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 2021**

		<b>Consolidated</b>	
	<b>Notes</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	36,364	160,000
Finance income		51,482	52,073
Foreign exchange (loss) / gain		(4,749)	14,153
Finance expense		(164,299)	(135,305)
Corporate compliance and administration		(319,926)	(217,091)
Impairment of exploration expenditure (tenement expiry)	3	-	(395,459)
Occupancy costs		(17,545)	(17,512)
Contractor expenses capitalised	3	130,357	164,647
Conference, travel and public relations		(7,332)	(4,531)
Other expenses		5,939	-
<b>Loss before income tax</b>		<b>(289,709)</b>	<b>(379,025)</b>
Income tax expense		-	-
<b>Loss for the half-year</b>		<b>(289,709)</b>	<b>(379,025)</b>
<b>Other comprehensive income for the half-year net of income tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
<b>Total comprehensive loss for the half-year</b>		<b>(289,709)</b>	<b>(379,025)</b>
Basic and diluted loss per share (cents per share)	11	(0.08)	(0.11)

*The above consolidated statement of profit and 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 2021**

	Notes	31 Dec 2021 \$	30 June 2021 \$
<b>Current assets</b>			
Cash and cash equivalents		1,570,302	93,313
Trade receivables and other financial assets		41,115	71,872
<b>Total current assets</b>		<u>1,611,417</u>	<u>165,185</u>
<b>Non-current assets</b>			
Trade receivables and other financial assets		1,159,299	1,157,882
Exploration and evaluation	3	3,257,090	3,033,283
<b>Total non-current assets</b>		<u>4,416,389</u>	<u>4,191,165</u>
<b>Total assets</b>		<u>6,027,806</u>	<u>4,356,350</u>
<b>Current liabilities</b>			
Trade and other payables		329,896	373,203
Loans and borrowings	9	751,750	56,770
<b>Total current liabilities</b>		<u>1,081,646</u>	<u>429,973</u>
<b>Non-current liabilities</b>			
Loans and borrowings	9	2,176,222	2,678,062
<b>Total non-current liabilities</b>		<u>2,176,222</u>	<u>2,678,062</u>
<b>Total liabilities</b>		<u>3,257,868</u>	<u>3,108,035</u>
<b>Net assets</b>		<u>2,769,938</u>	<u>1,248,315</u>
<b>Equity</b>			
Contributed equity	4	21,186,135	19,374,803
Foreign currency translation reserve		(997,078)	(997,078)
Non-controlling interest contribution reserve		(1,036,227)	(1,036,227)
Accumulated losses		(16,382,892)	(16,093,183)
<b>Total equity</b>		<u>2,769,938</u>	<u>1,248,315</u>

*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 2021**

<b>Consolidated</b>	<b>Contributed Equity</b>	<b>Foreign Currency Translation Reserve</b>	<b>Non- controlling Interest Contribution Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	19,374,803	(997,078)	(1,036,227)	(15,562,398)	1,779,100
Loss for the period	-	-	-	(379,025)	(379,025)
<b>Total comprehensive loss for the period</b>	-	-	-	(379,025)	(379,025)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-	-
<b>Balance at 31 December 2020</b>	19,374,803	(997,078)	(1,036,227)	(15,941,423)	1,400,075
<b>Balance at 1 July 2021</b>	19,374,803	(997,078)	(1,036,227)	(16,093,183)	1,248,315
Loss for the period	-	-	-	(289,709)	(289,709)
<b>Total comprehensive loss for the period</b>	-	-	-	(289,709)	(289,709)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued for cash, net of transaction costs	1,811,332	-	-	-	1,811,332
<b>Balance at 31 December 2021</b>	21,186,135	(997,078)	(1,036,227)	(16,382,892)	2,769,938

*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 2021**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Tenement sub leasing receipts	36,364	240,000
Payments to suppliers and employees	(65,155)	(104,411)
Interest received	2,825	5,991
Interest paid	(4,929)	(2,735)
<b>Net cash (outflows) / inflows from operating activities</b>	<u>(30,895)</u>	<u>138,845</u>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure reimbursed	-	15,000
Exploration and evaluation expenditure	(66,166)	(78,860)
<b>Net cash (outflows) from investing activities</b>	<u>(66,166)</u>	<u>(63,860)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	1,900,636	-
Proceeds from borrowings	585,910	533,500
Repayment of advances from other entities	47,240	20,810
Repayments of borrowings	(870,432)	(721,393)
Capital raising costs	(89,304)	-
<b>Net cash flows from / (used in) financing activities</b>	<u>1,574,050</u>	<u>(167,083)</u>
Net increase / (decrease) in cash and cash equivalents	1,476,989	(92,098)
<b>Cash and cash equivalents at the beginning of the half- year</b>	<u>93,313</u>	<u>163,840</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u>1,570,302</u>	<u>71,742</u>

*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 2021****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 2021 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 2021.

**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 \$529,771 (30 June 2021: deficit of \$264,788) and net cash outflows from operations for the period of \$30,895 (31 December 2020: inflows of \$138,845). 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 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. 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 2021**

**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 2021 other than noted below.

***Standards and Interpretations applicable to 31 December 2021***

In the period ended 31 December 2021, 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 2021.

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 2021. 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**

	<b>Consolidated</b>	
	<b>6 months ended 31 December 2021 \$</b>	<b>6 months ended 31 December 2020 \$</b>
Tenement sub leasing fees – over time revenue	36,364	160,000
	36,364	160,000

**NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>6 months ended 31 December 2021 \$</b>	<b>12 months ended 30 June 2021 \$</b>
<i>Areas of interest in the exploration and evaluation phase:</i>		
Cost at beginning of the year	3,583,961	3,299,646
Capitalised contractor fees	130,357	247,465
Other expenditure capitalised during the period	93,450	106,381
Expenditure reimbursed and reimbursable	-	(69,531)
Cost at end of the year	3,807,768	3,583,961
Impairment provision	(550,678)	(550,678)
Carrying amount at the end of the year	3,257,090	3,033,283

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 2021**

**NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE (continued)**

A subsidiary, Australian Copper Holdings Pty Ltd, has recognised an impairment charge of \$Nil (2020: \$395,459) during the reporting period.

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**

	<b>Consolidated</b>			
	<b>6 months ended 31 December 2021</b>		<b>12 months ended 30 June 2021</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of period	332,492,981	19,374,803	332,492,981	19,374,803
Issue of shares for cash	34,557,019	1,900,636	-	-
Share issue costs	-	(89,304)	-	-
Balance at end of period	<u>367,050,000</u>	<u>21,186,135</u>	<u>332,492,981</u>	<u>19,374,803</u>

**NOTE 5: CONTINGENT LIABILITIES**

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

	<b>31 December 2021</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Australia – non-current assets	4,416,389	4,191,165
Australia – revenue	36,364	364,882
Australia – finance income	51,482	111,574

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

No matter or circumstance has arisen since 31 December 2021 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 2021**

**NOTE 9: LOANS AND BORROWINGS**

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current</i>		
Loans payable - related parties – unsecured (i)	656,600	56,770
Loans payable - third parties – unsecured (ii)	95,150	-
	<u>751,750</u>	<u>56,770</u>
<i>Non-current</i>		
Loans payable - related parties – unsecured (i)	1,043,061	1,538,510
Loans payable - third parties – unsecured (ii)	1,133,161	1,139,552
	<u>2,176,222</u>	<u>2,678,062</u>

- (i) The terms and conditions of related party loans and borrowings are set out in Note 10, 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 2023 and are at an interest rate of 12%.

**NOTE 10: RELATED PARTY TRANSACTIONS**

*Consolidated Statement of Profit and Loss and Other Comprehensive Income*

	<b>Consolidated</b>	
	<b>6 months ended 31 December 2021</b>	<b>6 months ended 31 December 2020</b>
	\$	\$
Non-executive directors' fees accrued and converted to loans	24,050	24,050
Non-executive directors' fees paid and payable	<u>24,050</u>	<u>24,050</u>
Management contract fees accrued and converted to loans	179,850	163,500
Management contract fees paid and payable	<u>179,850</u>	<u>163,500</u>

*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 \$949,443 (30 June 2021: \$916,174) at an average interest rate of 12%. The loans and unpaid fees are not payable prior to 31 March 2023. 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 \$47,098 (2020: \$40,808).

The balance of outstanding liabilities to Mrs. Karpinski, at period end for a loan to the parent entity is 110,620 United States Dollars (A\$153,507 at the applicable foreign exchange rate) (30 June 2021: 103,882 United States Dollars, or A\$139,463 at applicable foreign exchange rate) at an interest rate of 12%. The loan is not payable prior to 31 March 2023. This loan becomes payable immediately on change of control of Korab. Interest accrued to Mrs. Karpinski during the reporting period was \$9,294 (2020: \$7,769).

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

**NOTE 10: RELATED PARTY TRANSACTIONS (continued)**

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 \$596,702 (30 June 2021: \$539,643) at the average interest rate of 12% pa. The loans and unpaid fees are not payable prior to 31 March 2023. Interest accrued to directors, excluding Mr. Karpinski and their related entities during the reporting period was \$33,008 (2020: \$27,364).

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 \$1,147,403 (30 June 2021: \$1,145,986) at an interest rate of 8.5%. The receivable is not payable prior to 31 March 2023. 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 until the debt owing to the Company and any accrued interest is repaid in full. During the year Polymetallica paid the Company \$47,240 (2020: \$20,810) in interest with the remaining interest of \$1,417 (2020: \$25,272) accruing.

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

**NOTE 11: BASIC EARNINGS PER SHARE**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$	\$
Basic and diluted loss per share	(0.08)	(0.11)
Loss from operations attributable to ordinary equity holders of Korab used to calculate basic and diluted earnings per share	(289,709)	(379,025)
Weighted average number of shares outstanding during the period used to calculate basic and diluted earnings per share	344,700,624	332,492,981

All potential ordinary shares, being options to acquire ordinary shares, are not considered dilutive in the calculation of earnings per share as the exercise of the options would not increase the loss per share.

## 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 15 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 2021 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.



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Andrej K. Karpinski  
Executive Chairman

16 March 2022

## **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 2021, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration, for the group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 2021 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 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 2021 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 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.

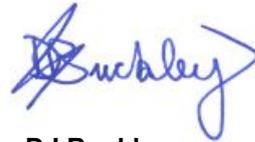
*Independence*

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 2022**



**D I Buckley**  
**Partner**