KORAB RESOURCES LIMITED

AND CONTROLLED ENTITIES

ABN 17 082 140 252

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

TABLE OF CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Andrej K. Karpinski (Executive Chairman)
Rodney H.J. Skeet (Non-Executive Director)
Daniel A. Smetana (Non-Executive Director)
Anthony G Wills (Non-Executive Director)

COMPANY SECRETARY

Andrej K. Karpinski

REGISTERED & PRINCIPAL OFFICE

20 Prowse Street
West Perth WA 6005
Telephone: (08) 9474 6166
Facsimile: (08) 9322 6333
E-mail: information@korabresources.com.au
Website: www.korabresources.com.au

AUDITORS

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
Perth, WA 6000
Telephone: 1300 554 474
International Telephone: +61 2 8280 7761
Facsimile: (02) 9287 0303
Email: registrars@linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

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

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity, being Korab Resources Limited ("Korab" or "Company") and its subsidiaries ("consolidated entity" or "group"), at the end of and for the year ended 30 June 2016. Korab Resources Limited is a listed public company incorporated and domiciled in Australia.

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

	2016	2015	2014
Annual loss after taxation ($ millions)	(1.107)	(0.846)	(3.517)
Basic and diluted loss per share (cents per share)	(0.56)	(0.58)	(2.50)

DIRECTORS

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

Andrej K. Karpinski, FAICD, F Fin *(Executive Chairman)*
Age 59, appointed April 1998

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

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

Other Directorships: During the past three years Mr Karpinski has not held any listed company directorships. Mr Karpinski is a Director of unlisted public company Polymetallica Minerals Limited (formerly Uranium Australia Limited).

Rodney H. J. Skeet *(Non-Executive Director)*
Age 74, appointed November 2002

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

Qualifications: Mr. Skeet's background is in commodities financing and investment banking. During his career spanning 39 years he has held senior positions with financial institutions in the UK and USA including Phillip & Lion, IndoSuez, Credit Agricole, Rudolf Wolf and Brody White, Inc. His most recent position was as vice president with Dean Witter-Morgan Stanley Group in New York. He brings to the Company his broad network of international contacts within resources and securities sectors and his expertise in resources financing.

Other Directorships: During the past three years Mr Skeet has not held any listed company directorships. Mr Skeet is a director of unlisted public company Polymetallica Minerals Limited (formerly Uranium Australia Limited).

Daniel A. Smetana *(Non-Executive Director)*
Age 72, appointed 28 October 2013

Responsibilities: Mr. Smetana contributes his corporate governance experience and his strategic planning expertise.

Qualifications: Mr. Smetana has been Chairman of ASX listed Joyce Corporation Ltd since 1984. He is also the Chairman of Bedshed Franchising Pty Ltd. He is a past President of the Industrial Foundation for Accident Prevention and remains a Director. He is a Director of Polymetallica Minerals Ltd, a Director of St John of God Foundation and Chairman of the St John of God Comprehensive Cancer Centre Fundraising Committee.

His past board memberships include: Director of Edge Employment Solutions Inc, Deputy Chairman of Youth Focus Inc (1998 - 2007), Deputy Chairman Western Power Corporation and Chairman of its Finance Committee until 2003, Chairman and National Councillor of the Defence Reserves Support Council - WA (1997 - 2006), Director of WA Symphony Orchestra until 2003. Vice President and Councillor of the WA Federation of Police and Community Youth Centres (Inc.)

Mr Smetana, Dip Comm, is a Fellow of CPA Australia, a Fellow of Australian Institute of Management and a Fellow of Australian Institute of Company Directors.

His awards include 2003 Centenary Medal for Service to Commerce and Community, 2007 Ian Chisholm Award for Distinguished Service to Occupational Health and Safety, 1998 WA Business Executive of the Year Award.

Other Directorships: During the past three years Mr Smetana has been Chairman of ASX listed Joyce Corporation Ltd.

Anthony G Wills *(Non-Executive Director)*
Age 56, appointed 1 May 2015

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

Qualifications: Mr. Wills' background is in defence and finance. Mr Wills has for the last 15 years been involved in the finance industry. Prior to that he served for 20 years in the Australian Defence Force, including 10 years in the Specials Forces serving with the SAS Regiment. Mr. Wills also brings to the Company his extensive network of Australian and overseas contacts established through his involvement with the United Nations and its various missions. Mr Wills is a member of the Australian Institute of Company Directors and a senior associate of the Financials Services Institute of Australasia. Mr. Wills continues his longstanding involvement with the SAS Regiment through his ongoing work for the SAS Resources Fund.

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

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

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

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the reporting period (2015: Nil).

OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to $1,107,262 (2015 loss: $846,028) primarily related to corporate compliance and administration costs of $691,599 (2015: $695,752).

The prior year loss included the write off of a Ukrainian VAT receivable of $200,810 that was not considered recoverable.

FUTURE DEVELOPMENTS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

REVIEW OF OPERATIONS

During the year Korab has continued work on marketing and exploration and evaluation of its mineral assets. Our subsidiary, Geolsec Phosphate Operations Pty Ltd has continued marketing of the direct shipping phosphate rock from Geolsec quarry through overseas and domestic channels. As a result of this marketing program Korab received enquiries, expressions of interest, requests for quotes, and a letter of intent to buy phosphate rock. During the period, Korab has made significant progress with Geolsec including signing of the heads of agreement for a 250,000 tonne offtake, potential equity transaction, and distribution and supply. During the period Korab has worked on a mining plan aimed at increasing production capacity.

During the reporting period, Korab also continued to make progress with the Winchester magnesite project. On 22 October 2015, Korab's wholly owned subsidiary AusMag Pty Ltd received the grant of the mining lease covering the Winchester magnesite project. In November 2015 Korab signed the heads of agreement regarding an offtake, distribution, funding and potential equity transaction. In December 2015, Korab announced signing of a memorandum of understanding regarding the Winchester project with interests representing the Chinese steel industry. Korab has been evaluating proposals received from these and other parties and developing a strategic plan for AusMag to become a leader in magnesium carbonate supply chain. Korab has made considerable progress on number of fronts required to put the Winchester project into production and to start generating income:

- Korab has secured initial offtake agreements for the output from the Winchester quarry.
- Korab has established a relationship with several large-scale end-users and processors of magnesite rock and signed initial MoU with one of these parties.
- Korab has commenced discussions with buyers and producers of magnesium oxide with the view to setting up a joint venture where Winchester would supply magnesium carbonate rock to be processed by magnesium oxide producer and then to be on-sold to a magnesium oxide buyer. This would not only generate significant additional ongoing demand for our magnesite rock, but would also allow us to participate in value-added without having to build our own calcination facilities.
- Korab has commenced the permitting and planning process for the Winchester quarry operations.

As part of the Winchester magnesite mine planning and the preparation of development plans, Korab continued review of the drilling data for the Winchester project, and the neighbouring areas. This work is continuing as at the date of this report.

Korab has been reviewing the economic potential of the Sundance gold mine which is also owned by Korab and is located near town of Batchelor, just south of Darwin. This evaluation is continuing as at the date of this report.

The Bobrikovo gold and silver mine which is located in eastern Ukraine, is currently on care and maintenance while Korab has engaged with various stakeholders with the view to recommencing operations.

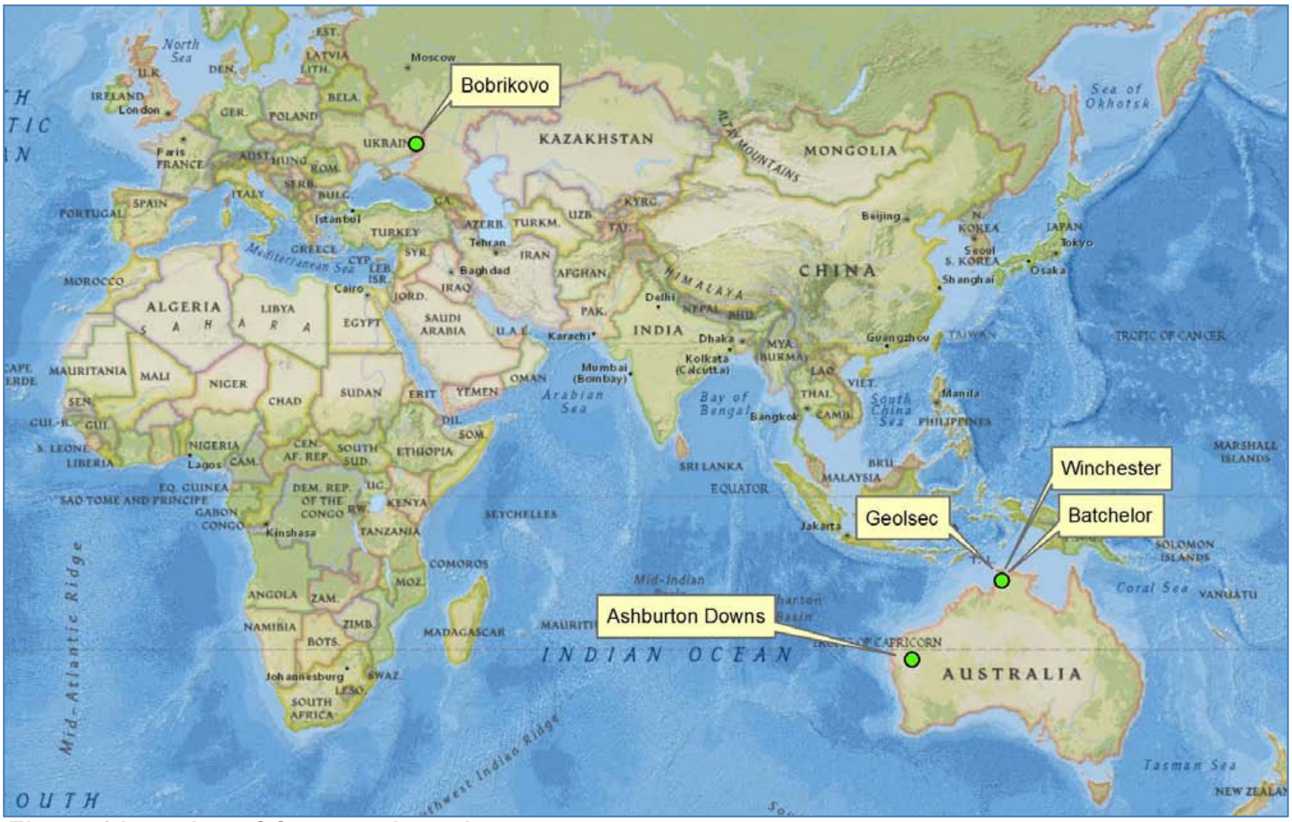

Figure 1 Location of Company's projects

CORPORATE

For the period under review the Directors suspended payments of the directors' fees payable to non-executive directors and management contract fees payable to Rheingold Investments Corporation Pty Ltd (an entity controlled by Andrej K. Karpinski). The directors' fees payable to non-executive directors and the contract management fees payable to Rheingold Investments Corporation Pty Ltd were accrued. Andrej K. Karpinski has not received any director's fees since formation of the Company.

On 15 July 2015 the Company issued 15,266,667 fully paid ordinary shares for cash at $0.03 per share, and on 22 September 2015 1,300,000 fully paid ordinary shares for cash at $0.03 per share, for general working capital purposes as part of the shortfall from the non-renounceable pro-rata rights issue offer announced on 26 May 2015.

On 3 November 2015 the Company announced the completion of an agreement with an unrelated party whereby that party would take a 75% equity interest in Australian Copper Holdings Pty Ltd ("ACH"), a wholly owned subsidiary of the Company, subject to investing a total of $500,000 in equity in ACH. The unrelated party paid $50,000 in respect of these partly paid shares but has failed to meet further payments and has therefore forfeited its equity interest subsequent to period end.

On 30 November 2015 the Company issued 1,150,000 fully paid ordinary shares at a deemed issue price of $0.067 per share in lieu of payment for professional services provided.

On 24 December 2015 The Company announced it had executed a term sheet with an unrelated party for a loan of $250,000 by way of a convertible note to provide the Company with greater flexibility in its discussions with various parties regarding Winchester magnesite project and to allow it to progress sales of phosphate rock from the Geolsec quarry to various buyers. The loan was repaid by means of a $125,000 cash payment, of which $62,500 was paid subsequent to period end, and the issue of 5,434,783 Korab shares.

On 12 January 2016 the Company announced that itself and its wholly owned subsidiary AusMag Pty Ltd ("AusMag") had entered into Memorandum of Understanding with interests associated with the Chinese steel industry with a view to funding the development, operation and commencement of production of magnesium carbonate from the Winchester mine, offtake agreements with the Chinese steel industry, and listing of AusMag on the Shanghai, Hong Kong, or other suitable stock exchange. On 23 March 2016 Korab and AusMag advised that they had entered into a binding agreement with Mr. Hong Wang to invest $6 million into new shares of AusMag (Tranche 1 Funding). AusMag will use these funds to develop the mine and commence production of magnesite. This investment transaction will leave Korab with between 70% and 75% equity in AusMag (on a fully diluted basis) thus providing Korab with solid, long-term earnings potential.

The development cost of the Winchester magnesium carbonate mine has been estimated at $4 million with the remaining $2 million to be used for mine working capital and other project and development related expenditure. The agreement is binding on both parties and the investment is conditional only on one requisite that Ausmag arranges agreements for sales of at least 500,000 tonnes (in aggregate) of raw magnesite rock per year for at least 3 years. Ausmag, which has already arranged for an agreement to sell 300,000 tonnes of raw magnesite rock for 5 years, has 12 months from date of agreement to arrange the sales of remaining 200,000 tonnes per year. In the event that Ausmag is not successful in arranging these additional sales within 12 months to bring the total annual production of magnesium carbonate to 500,000 tonnes, either party may terminate this agreement by a notice in writing. In addition to the above transaction Mr. Wang will also become a new strategic investor in Korab by subscribing for 10,000,0000 new Korab shares at a price of 5c per share for a total of $500,000.

On 10 March 2016 the Company advised that it had decided to raise bridging funds to further improve its negotiating position with regard to the marketing of the Geolsec rock phosphate mine and the evaluation of the Winchester magnesite mine. The Company issued 6,297,183 fully paid ordinary shares in the capital of the Company without a disclosure document to unrelated, exempt investors at a placement price of 4.5 cents per share. This placement was used for working and development capital purposes, in satisfaction of professional fees, and to retire debt.

On 30 June 2016 1,100,000 million unlisted options with an exercise price of $0.10 per share expired unexercised.

IDENTIFICATION OF INDEPENDENT DIRECTORS

The independent directors are identified in the Corporate Governance Statement section of this Financial Report as set out on pages 45 to 48.

MEETINGS OF DIRECTORS

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

Director	Number eligible to attend	Meetings attended
Andrej K. Karpinski	17	17
Anthony G Wills	17	17
Rodney H.J. Skeet	17	2
Daniel A. Smetana	17	15

SHARE OPTIONS

Shares under option

The following is the movement during the period in options over shares in the Company.

Expiry date	Exercise price	Number 01/07/15	Issued	Expired	Exercised	Number 30/06/16
28/11/17	$0.10	4,000,000	-	-	-	4,000,000
30/06/16	$0.10	1,100,000	-	(1,100,000)	-	-
		5,100,000	-	(1,100,000)	-	4,000,000

No options have been granted since the end of the reporting period. There have been no options exercised since the end of the reporting period. During the reporting period there was no forfeiture or vesting of options granted in previous periods.

SUBSEQUENT EVENTS

A total of $270,770 of subscription monies have been received and 5,415,396 Korab shares issued in respect of the agreement with Mr. Wang, as noted in the Corporate section above, to become a new strategic investor in Korab by subscribing for 10,000,0000 new Korab shares at a price of 5c per share for a total of $500,000. Korab has agreed to extend to 31 October 2016 the time for payment of the last tranche of the funds due under the placement and amend the placement price to the higher of (i) a 20% discount to a volume weighted average share price of the Company's shares calculated over five days on which the shares have traded on the Australian Securities Exchange immediately preceding the receipt of the last tranche of the funds by Korab, or (ii) 4 cents per share.

No other matter or circumstance has arisen since 30 June 2016 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Korab support and adhere to the principles of sound corporate governance. The Board considers that Korab is in compliance with the ASX corporate governance principles and recommendations which are of critical importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance Statement is set out on pages 45 to 48 of this Financial Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 14.

NON-AUDIT SERVICES

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

DIRECTORS' INTERESTS

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

Name	Ordinary shares	Options over ordinary shares
Andrej K. Karpinski	41,079,693	-
Rodney H.J. Skeet	487,918	-
Daniel A. Smetana	815,491	-
Anthony G Wills	-	-

ENVIRONMENTAL ISSUES

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

REMUNERATION REPORT

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

Principles used to determine the nature and amount of compensation

The Board determines remuneration policies and practices, evaluates the performance of senior management, and considers remuneration for those senior managers. The Board assesses the appropriateness of the nature and amount of remuneration on an annual basis by reference to industry and market conditions, and with regard to the Company's financial and operating performance.

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

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

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

Compensation structures take into account the overall level of compensation for each director and executive, the capability and experience of the directors and senior executives, the executive's ability to control the financial performance of the relative business or geographical segment, the consolidated entity's performance (including earnings and the growth in share price), and the amount of any incentives within each executive's remuneration. Given the consolidated entity's focus on exploration projects during the year, the Board did not have regard to the consolidated entity's financial performance and / or change in shareholder wealth occurring in the current financial year and previous three financial years in setting remuneration. No dividends were paid or declared during this period (2015: Nil).

Fixed compensation

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

Non-executive directors

Total remuneration for all non-executive directors is not to exceed $120,000 per annum. A non-executive director's base fee is currently $26,000 per annum. The Executive Chairman currently does not and has never in the past received director's fees. Rheingold Investments Corporation Pty Ltd, a company controlled by the Executive Chairman receives management fees which are disclosed elsewhere in this report.

Non-executive directors do not receive any performance related remuneration, however they may be paid for work performed over and above their non-executive duties. Directors' fees cover all main Board activities and membership of Board committees. The Company does not have any terms or schemes relating to retirement benefits for non-executive directors. Non-executive directors receive share-based compensation at the discretion of the Board, and subject to approval by shareholders.

Service contracts

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

(i) Andrej K Karpinski, Executive Chairman. In July 2008 the Company has entered into an Executive Service Agreement with Rheingold Investments Corporation Pty Ltd. Under the terms of the agreement Mr Karpinski, being the director of Rheingold Investments Corporation Pty Ltd, has agreed to provide management services to the Company at a rate of $327,000 per annum plus GST. The Agreement may be terminated by the Company at any time by giving Rheingold Investments Corporation Pty Ltd twelve (12) months' notice. In the event the Company does not require the services provided under the Executive Service Agreement with Rheingold Investments Corporation Pty Ltd, the Company shall pay to Rheingold Investments Corporation Pty Ltd an amount of $327,000 plus GST. For the 12 month period ending 30 June 2016 Rheingold Investments Corporation Pty Ltd has voluntarily suspended all of the payments due under the agreement. The amounts which were accrued under the agreement with Rheingold Investments Corporation Pty Ltd are disclosed in the notes to the financial statements.

Key Management Personnel Remuneration

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

2016	***Andrej Karpinski*** **$**	***Rodney Skeet*** **$**	***Daniel Smetana*** **$**	***Anthony Wills*** **$**	***Total*** **$**
Short-term benefits					
2016 year fees paid	-	-	-	-	-
2016 year fees accrued	327,000	26,000	26,000	26,000	405,000
Post-employment benefits					
Superannuation contributions	-	-	2,470	2,470	4,940
Total	327,000	26,000	28,470	28,470	409,940

2015	***Andrej Karpinski*** **$**	***Rodney Skeet*** **$**	***Daniel Smetana*** **$**	***Anthony Wills*** **$**	***Total*** **$**
Short-term benefits					
2015 year fees paid	-	-	-	-	-
2015 year fees accrued	327,000	26,000	26,000	4,333	383,333
Post-employment benefits					
Superannuation contributions	-	-	2,470	412	2,882
Total	327,000	26,000	28,470	4,745	386,215

Loans to and other related transactions with key management personnel

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

	2016 $	2015 $
Payments made to Rheingold Investments Corporation Pty Ltd for:		
- Management contract fees paid	-	-
- Management contract fees accrued	327,000	327,000
Total payments to Rheingold Investments Corporation Pty Ltd	327,000	327,000

During the reporting 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 $672,730 (2015: $617,592) at an average interest rate of 13.55%. The loans and unpaid fees are not payable prior to 30 September 2017. 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.

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 $922,735 (2015: $853,703) at an interest rate of 8.5%. The receivable is not payable prior to 30 September 2017.

Share options

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

2016

Director	**Held at 01/07/15**	**Issued / (expired)**	**Held at 30/6/16**
Andrej Karpinski	-	-	-
Rodney Skeet	-	-	-
Daniel Smetana	-	-	-
Anthony Wills	-	-	-

Shares

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

2016

Director	**Held at 01/07/15**	**Net acquired**	**Held at 30/6/16**
Andrej Karpinski	41,079,693	-	41,079,693
Rodney Skeet	487,918	-	487,918
Daniel Smetana	815,491	-	815,491
Anthony Wills	-	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Company paid a premium to insure the directors and officers of the Company and its controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity.

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

Andrej K Karpinski, FAICD, F Fin, (Executive Chairman)
Perth, Western Australia,
30 September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Korab Resources Limited for the year ended 30 June 2016, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2016

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
Interest income		75,628	71,803
Other income		-	51,248
Finance expense		(167,978)	(134,410)
Depreciation and amortisation		(17,860)	(6,253)
Corporate compliance and management		(691,599)	(695,752)
Foreign exchange gain		2,471	-
Occupancy costs		(37,409)	(38,378)
Conference, travel and public relations		(12,842)	(9,036)
Exploration and new venture expenditure written off		-	(8,200)
Impairment expense	7	(476,633)	-
Fees capitalised		218,960	123,760
VAT and other receivable written off (Ukraine)		-	(200,810)
Loss before income tax		(1,107,262)	(846,028)
Income tax benefit		-	-
Loss for the year		(1,107,262)	(846,028)
Other comprehensive income / (loss) for the year net of income tax			
Items that may be classified to profit or loss			
Exchange difference on translation of foreign operations		419	(40,550)
Total comprehensive loss for the year		(1,106,843)	(886,578)
Basic and diluted loss per share (cents per share)	5	(0.56)	(0.58)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
Current assets			
Cash and cash equivalents		45,125	222,614
Trade and other receivables	6	38,543	53,615
Total current assets		83,668	276,229
Non-current assets			
Trade and other receivables	6	922,734	853,703
Exploration and evaluation	7	1,846,461	1,854,299
Property, plant and equipment	8	2,785	8,844
Intangible assets	9	-	11,701
Total non-current assets		2,771,980	2,728,547
Total assets		2,855,648	3,004,776
Current liabilities			
Trade and other payables	10	359,228	713,968
Loans and other borrowings	11	272,163	382,794
Total current liabilities		631,391	1,096,762
Non-current liabilities			
Trade and other payables	10	42,067	89,924
Loans and borrowings	11	1,223,217	734,647
Total non-current liabilities		1,265,284	824,571
Total liabilities		1,896,675	1,921,333
Net assets		958,973	1,083,443
Equity			
Contributed equity	15	16,653,495	15,671,122
Foreign currency translation reserve	15	(997,365)	(997,784)
Option reserve	15	4,000	4,000
Non-controlling interest contribution reserve	15	(1,036,227)	(1,036,227)
Accumulated losses	15	(13,664,930)	(12,557,668)
Total equity		958,973	1,083,443

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(445,725)	(340,783)
Interest received		1,696	3,624
Interest paid		(75,767)	(26,318)
Net cash flows (used in) operating activities	14	(519,796)	(363,477)
Cash flows from investing activities			
Exploration and evaluation expenditure		(249,835)	(293,035)
Payments for property, plant and equipment		(100)	-
Proceeds from sale of property, plant and equipment		-	33,096
Net cash flows (used in) investing activities		(249,935)	(259,939)
Cash flows from financing activities			
Cash received from issue of ordinary shares		696,000	556,712
Proceeds from issue of share options		-	4,000
Proceeds from borrowings		584,280	386,566
Cash used for repayments of borrowings		(688,038)	(250,828)
Net cash flows from financing activities		592,242	696,450
Net (decrease) / increase in cash and cash equivalents		(177,489)	73,034
Cash and cash equivalents at the beginning of the financial year		222,614	149,580
Cash and cash equivalents at the end of the financial year	14	45,125	222,614

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity $	Option Reserve $	Accumulated losses $	Non-controlling interest contribution reserve $	Foreign currency translation reserve $	Total $
Balance at 30 June 2014	14,514,410	89,406	(11,801,046)	(1,036,227)	(957,234)	809,309
Exchange difference arising on translation of foreign operations	-	-	-	-	(40,550)	(40,550)
Loss for the year	-	-	(846,028)	-	-	(846,028)
Total comprehensive loss for the year	-	-	(846,028)	-	(40,550)	(886,578)
Transactions with owners in their capacity as owners:						
Cash received as subscription monies due for shares	556,712	-	-	-	-	556,712
Debt set-off against subscription monies due for shares	600,000	-	-	-	-	600,000
Options issued for cash	-	4,000	-	-	-	4,000
Share based payments	-	(89,406)	89,406	-	-	-
Balance at 30 June 2015	15,671,122	4,000	(12,557,668)	(1,036,227)	(997,784)	1,083,443
Exchange difference arising on translation of foreign operations	-	-	-	-	419	419
Loss for the year	-	-	(1,107,262)	-	-	(1,107,262)
Total comprehensive loss for the year	-	-	(1,107,262)	-	419	(1,106,843)
Transactions with owners in their capacity as owners:						
Cash received as subscription monies due for shares	696,000	-	-	-	-	696,000
Debt set-off against subscription monies due for shares	168,937					168,937
Share based payments	117,436	-	-	-	-	117,436
Balance at 30 June 2016	16,653,495	4,000	(13,664,930)	(1,036,227)	(997,365)	958,973

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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

(a) Basis of preparation

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

The functional and presentation currency of the Company is Australian dollars. The financial report was authorised for issue by the directors on 30 September 2016. Korab Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of measurement

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

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the group's assets and the discharge of its liabilities in the normal course of business. At balance date, the group had an excess of current liabilities over current assets of $547,723 and had a net cash outflow from operations for the year ended 30 June 2016 of $519,796. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The Company believes it will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. The directors are confident of raising additional share capital. Should this not occur, or not occur on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(i) Exploration and evaluation assets

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

(ii) Functional currency

Companies in the consolidated entity have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that management has to analyse several factors, including which currency mainly influences sales prices of product sold by the entity, which currency influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities.

(iii) Taxation

A subsidiary, Donetsky Kryazh LLC, operates mainly in the Ukraine and is within that country's tax jurisdiction. The Ukrainian tax system is characterised by numerous taxes and laws that change frequently, can contradict each other, and can be interpreted in various ways. Judgement is required in the determination of the Company's tax provisions, however the directors believe that these have been calculated based on the best information available.

(iv) Recoverability of loan to Polymetallica Minerals Limited

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

(b) Principles of consolidation

Subsidiaries

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

(c) Intangible assets

Intangible assets are measured at costs less accumulated impairment losses.

Goodwill

Goodwill (or negative goodwill) arises on the acquisition of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the cost of acquisition over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill) it is recognised immediately in profit or loss.

Goodwill is not amortised and is subsequently measured at cost less accumulated impairment losses.

(d) Recoverable amount of assets and impairment testing

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

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

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

(e) Receivables

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

(f) Business combinations

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(g) Exploration and evaluation expenditure

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

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

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

(h) Taxes

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by balance date.

Deferred tax is accounted for using the statements of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of comprehensive income except where it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

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

Tax consolidation

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

(i) Trade and other payables

Trade and other payables are stated at amortised cost. The amounts are unsecured and usually paid within 45 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(j) Earnings per share

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

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

(k) Share based payments

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

(l) Cash and cash equivalents

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

(m) Employee benefits

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

(i)Short-term benefits

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

(ii) Long-term employee benefit obligations

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

(n) Contributed equity

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

(o) Goods and services tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(p) Comparative figures

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

(q) Foreign currency

Functional and presentation currency

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

Transactions and balances

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

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

Foreign operations

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

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

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

(r) Revenue recognition

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

Interest

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

(s) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(t) Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item also includes the initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial year in which they are incurred.

Impairment

The carrying amount of property, plant and equipment is reviewed whenever there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part. Impairment testing is carried out in accordance with Note 1(d).

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

Depreciation and impairment

Depreciation on plant and equipment is calculated on a straight line basis over expected useful life to the economic entity commencing from the time the asset is held ready for use. The following useful lives are used in the calculation of depreciation:

Plant and equipment:	2 to 5 years
Motor vehicles:	10 years

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(u) Parent entity financial information

The financial information for the parent entity, Korab Resources Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(v) Investments and other financial assets

The consolidated entity determines the classification of its financial instruments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost. Fair value is inclusive of transaction costs except for financial assets and liabilities at fair value through profit and loss. Changes in fair value are either taken to the profit and loss or to an equity reserve (refer below). Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in the statement of comprehensive income.

(i) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(iii) Held-to-maturity investments

These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not included in any of the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity in an available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

(w) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases which transfer to a lessee substantially all the risks and benefits incidental to ownership of the leased asset are classified as finance leases. Other lease agreements are treated as operating leases.

Finance leases are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income except for borrowing costs related to the financing of assets constructed for own use (during the construction period). Capitalised leased assets used in mining operations are expensed on a unit of production basis so as to write off the costs in proportion to the depletion of the estimated recoverable reserves or over the life of the lease.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(x) Provisions

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

Site restoration

Provisions for the cost of site restoration are recognised at the time that an environmental disturbance occurs or a constructive obligation is determined. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances as at the reporting date. Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation. The expected rehabilitation costs are estimated based on the cost of external contractors performing the work or the cost of performing the work internally depending on management's intention.

The timing of the actual rehabilitation expenditure is dependent upon a number of factors including the currently approved life of the mine and changes in local environmental regulations. Expenditures may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. The expected future cash flows exclude the effect of inflation. The unwinding of the discount is included in finance costs and results in an increase in the amount of the provision.

The provision is updated each year for the effect of a change in the discount rate and exchange rate, when applicable, and the change in estimate is added or deducted from the related asset and depreciated prospectively over the asset's useful life.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, our environmental policies which give rise to a constructive obligation. When expected cash flows change, the revised cash flows are discounted using the current US dollar real risk-free pre-tax discount rate and an adjustment is made to the provision.

When a provision for site restoration is initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in property, plant and equipment and depreciated over the expected economic life of the operation to which it relates.

(y) Contingencies

Contingent liabilities are defined as:

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

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

(z) Financial liabilities

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through the profit or loss, borrowings, or as derivatives as hedging instruments in an effective hedge, as appropriate. The consolidated entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of borrowings, less directly attributable transaction costs. The subsequent measurement of financial liabilities depend on their classification.

Financial liabilities at fair value through the profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the consolidated entity that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include recent arm's length market transactions, references to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

(aa) New accounting standards and interpretations

In the year ended 30 June 2016 the directors have reviewed all of the new and revised accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued, but are not yet effective, for the year ended 30 June 2016. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

2. SEGMENT REPORTING

The consolidated entity has adopted AASB 8 *Operating Segments* which 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.

The geographic location of non-current assets and revenue is set out in the table below:

	2016 $	2015 $
Australia – non-current assets	2,771,980	2,728,547
Australia – interest revenue	75,628	71,803

3. INCOME TAX EXPENSE

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

	2016 $	2015 $
Loss before income tax expense	(1,107,262)	(846,028)
Prima facie income tax benefit on pre-tax loss at the Australian income tax rate of 30% (2015: 30%)	(332,179)	(253,808)
Tax effect of:		
Effect of lower overseas tax rate	-	15,596
Current year tax benefit not brought to account	332,179	238,212
Income tax expense	-	-

The consolidated entity has a deferred tax asset in respect of income tax losses. This asset has not been brought to account in the Statement of Financial Position as realisation is not considered probable.

4. AUDITORS' REMUNERATION

Audit and review services:

	2016 $	2015 $
Auditors of the Company: HLB Mann Judd	50,000	50,600
Auditors of a subsidiary company	-	-
	50,000	50,600

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

5. BASIC EARNINGS PER SHARE

	2016 $	2015 $
Loss from operations attributable to ordinary equity holders of Korab used to calculate basic and diluted earnings per share	(1,107,262)	(846,028)
Weighted average number of shares	**Number of shares**	**Number of shares**
1 July	178,623,725	143,000,000
Shares issued	18,790,769	3,848,616
30 June (basic and diluted)	197,414,494	146,848,616

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.

6. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Other receivables and prepayments: third parties	38,543	53,615
	38,543	53,615
Non-current		
Other receivables and prepayments: related parties	922,734	853,703
	922,734	853,703

The non-current related party loan is an unsecured receivable from Polymetallica Minerals Limited (formerly Uranium Australia Ltd), a company in which Mr Andrej Karpinski is Executive Chairman and a significant shareholder. The loan has an interest rate of 8.5% and is not payable prior to 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

7. EXPLORATION AND EVALUATION

	2016 $	2015 $
Areas of interest in the exploration and evaluation phase:		
Cost at beginning of the year	1,854,299	1,437,504
Capitalised contractor fees	218,960	123,760
Other expenditure capitalised during the period	249,835	293,035
Cost at end of the year	2,323,094	1,854,299
Impairment expense	(476,633)	-
Carrying amount at the end of the year	1,846,461	1,854,299

An impairment expense of $476,633 has been charged in respect of exploration expenditure incurred by a wholly owned subsidiary, Australian Copper Pty Ltd (“AC”). On 3 November 2015 the Company announced an agreement with an unrelated party whereby that party would take a 75% equity interest in Australian Copper Holdings Pty Ltd (“ACH”), a wholly owned subsidiary of AC, subject to investing at total of $500,000 in equity in ACH. The unrelated party paid $50,000 in respect of these partly paid shares but has failed to meet further payments and has therefore forfeited its equity interest subsequent to period end. The impairment expense of $476,633 reflects the writedown in AC’s exploration assets to a value that represents AC’s remaining 25% ownership of ACH. The Directors are of the opinion that whilst the tenure of the Bobrikovo project and related operations are not affected by the current political developments in Ukraine, the uncertainty as to the future direction of the developments there makes it prudent to be conservative. The exploration and evaluation expenditure attributable to the Bobrikovo project has been expensed / written-off at consolidation level in prior reporting period to reflect this conservative approach.

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.

8. PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Cost: Plant and equipment		
Balance at beginning of financial year	179,219	179,219
Additions	100	-
Balance at end of financial year	179,319	179,219
Accumulated depreciation: Plant and equipment		
Balance at beginning of financial year	170,375	164,122
Depreciation charge for year	6,159	6,253
Balance at end of financial year	176,534	170,375
Carrying amount at the end of the financial year	2,785	8,844
Cost: Motor vehicles		
Balance at beginning of financial year	77,000	77,000
Balance at end of financial year	77,000	77,000
Accumulated depreciation: Motor vehicles		
Balance at beginning of financial year	77,000	77,000
Depreciation charge for year	-	-
Balance at end of financial year	77,000	77,000
Carrying amount at the end of the financial year	-	-
Total carrying amount at the end of the financial year	2,785	8,844

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

9. INTANGIBLE ASSETS

Borrowing costs	90	90
Accumulated amortisation	(90)	-
Carrying amount at the end of the financial year	-	90
Trademarks	11,611	11,611
Accumulated amortisation	(11,611)	-
Carrying amount at the end of the financial year	-	11,611
Total carrying amount at the end of the financial year	-	11,701

10. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Current		
Trade payables and accrued expenses (i) (ii)	359,228	713,968
	359,228	713,968
Non-current		
Trade payables - related parties (ii)	42,067	89,924
	42,067	89,924

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

(ii) The terms and conditions of related party payables and accrued expenses are set out Notes 17 and 18, Related Party Transactions and Key Management Personnel Disclosures respectively.

11. LOANS AND BORROWINGS

	2016 $	2015 $
Current		
Loans payable - related parties – unsecured (i)	189,663	225,315
Loans payable - third parties – unsecured (ii)	82,500	157,479
	272,163	382,794
Non-current		
Loans payable - related parties – unsecured (i)	883,433	417,542
Loans payable - third parties – unsecured (ii)	339,784	317,105
	1,223,217	734,647

Loans and borrowings comprise accrued fees converted to loans and cash loans provided to Korab by Andrej K. Karpinski and his related parties.

(i) The terms and conditions of related party loans and borrowings are set out Notes 17 and 18, Related Party Transactions and Key Management Personnel Disclosures respectively.

(ii) The third party loans and borrowings are on arms-length terms and conditions.

12. SUBSEQUENT EVENTS

A total of $270,770 of subscription monies have been received and 5,415,396 Korab shares issued in respect of the agreement with Mr. Wang, as noted in the Corporate section above, to become a new strategic investor in Korab by subscribing for 10,000,0000 new Korab shares at a price of 5c per share for a total of $500,000. Korab has agreed to extend to 31 October 2016 the time for payment of the last tranche of the funds due under the placement and amend the placement price to the higher of (i) a 20% discount to a volume weighted average share price of the Company's shares calculated over five days on which the shares have traded on the Australian Securities Exchange immediately preceding the receipt of the last tranche of the funds by Korab, or (ii) 4 cents per share.

No other matter or circumstance has arisen since 30 June 2016 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.

13. SUBSIDIARIES

	Country of incorporation	Class of shares	Equity holding 2016	2015
Held by parent				
Lugansk Gold Limited	Australia	Ordinary	100%	100%
Geolsec Phosphate Operations Pty Ltd	Australia	Ordinary	100%	100%
Melrose Gold Mines Limited	Australia	Ordinary	100%	100%
Australian Copper Limited	Australia	Ordinary	100%	100%
Held by Lugansk Gold Limited				
LLC "Donetsky Kryazh"	Ukraine	Ordinary	100%	100%

14. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	2016 $	2015 $
(a) Reconciliation of (loss) after income tax to net cash flow from operating activities		
(Loss) for the year	(1,107,262)	(846,028)
Depreciation and amortisation	17,860	6,253
Gain on sale of vehicle	-	(33,096)
Finance income	-	(68,179)
Finance expenditure	-	108,093
Management fees capitalised	(218,960)	(123,760)
Impairment expense	476,633	-
Change in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(53,960)	176,358
- Increase in trade and other payables	365,893	416,882
Net cash flow from operating activities	(519,796)	(363,477)

(b) Cash and cash equivalents

	2016	2015
Cash at bank and at call	45,125	222,614

(c) Risk exposure

The consolidated entity's exposure to interest rate risk is discussed in Note 16. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

15. CAPITAL AND RESERVES

(a) Contributed equity:

	2016 Number	2016 $	2015 Number	2015 $
Movements in ordinary shares on issue				
1 July	178,623,725	15,671,122	143,000,000	14,514,410
Issue of shares for cash	20,988,889	696,000	15,623,725	556,712
Issue of shares in extinguishment of borrowings	6,411,151	168,937	20,000,000	600,000
Issue of shares in payment of professional services	2,048,593	117,436	-	-
30 June	208,072,358	16,653,495	178,623,725	15,671,122

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

(b) Accumulated losses

	2016 ($)	2015 ($)
1 July	(12,557,668)	(11,801,046)
Loss for the period	(1,107,262)	(846,028)
Share based payments (transferred from reserve)	-	89,406
30 June	(13,664,930)	(12,557,668)

(c) Foreign currency translation reserve

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

	2016 ($)	2015 ($)
1 July	(997,784)	(957,234)
Foreign exchange on translation of foreign operations	419	(40,550)
30 June	(997,365)	(997,784)

(d) Option reserve

The option reserve is used to record the value of equity benefits provided to employees, directors and other parties for goods and services provided and for proceeds received on the issue of options.

	2016 ($)	2015 ($)
1 July	4,000	89,406
Share based payments (transferred to accumulated losses)	-	(89,406)
Proceeds from issue of share options	-	4,000
30 June	4,000	4,000

The weighted average remaining contractual life of options outstanding at year-end was 17 months. A summary of the movements in Company options during the reporting period is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2015	5,100,000	$0.10
Expired unexercised	(1,100,000)	$0.10
Options outstanding as at 30 June 2016	4,000,000	$0.10

On issue as at 30 June 2016:

Options with a $0.10 exercise price and expiry 28/11/17	4,000,000	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

15. CAPITAL AND RESERVES (continued)

(e) Non-controlling interest contribution reserve

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

	2016 ($)	2015 ($)
1 July	(1,036,227)	(1,036,227)
30 June	(1,036,227)	(1,036,227)

16. FINANCIAL RISK MANAGEMENT

General objectives, policies and processes

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

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

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

(a) Credit risk

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

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

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

	2016 $	2015 $
Carrying amount:		
Cash and cash equivalents	45,125	222,614
Trade and other receivables	961,277	907,318
	1,006,402	1,129,932

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

16. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk

(i) Interest rate risk

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

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

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

	Variable rate instruments at call 2016 ($)	Weighted average effective interest rate 2016	Variable rate instruments at call 2015 ($)	Weighted average effective interest rate 2015
Financial assets				
Cash and cash equivalents	45,125	2.4%	222,614	3.50%

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

	2016 ($)	2015 ($)
Variable rate instruments		
Financial assets	45,125	222,614

Sensitivity analysis

A 100 basis points increase or decrease in the weighted average year-end interest rate of variable rate instruments would have increased / (decreased) consolidated profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2015:

	Profit and loss ($)
30 June 2016 increase	451
30 June 2016 decrease	451
30 June 2015 increase	2,226
30 June 2015 decrease	2,226

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

16. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Price risk

The consolidated entity was not exposed equity securities price risk at 30 June 2016 or 30 June 2015.

(iii) Currency risk

The Company is exposed to currency risk on costs which are quoted in currencies (Ukrainian Hryvnias) other than the functional currency of the Company, being the A$. The consolidated entity does not hedge this risk, however it continues to monitor the exchange rate so that this currency exposure is maintained at an acceptable level. The major exchange rates relevant to the consolidated entity were as follows:

	Year ended 30 June 2016	As at 30 June 2016	Year ended 30 June 2015	As at 30 June 2015
A$ / US$	0.729	0.743	0.837	0.765
A$ / Hryvnias	17.14	18.27	14.05	16.01

The consolidated entity's exposure to foreign exchange risk at statement of financial position date was as follows, based on carrying amounts in A$:

2016	A$	Ukrainian Hryvnias	Total
Cash and cash equivalents	45,125	-	45,125
Trade and other receivables	961,277	-	961,277
Loans and borrowings	(1,495,380)	-	(1,495,380)
Trade and other payables	(396,093)	(5,202)	(401,295)
	(885,071)	(5,202)	(890,273)

2015	A$	Ukrainian Hryvnias	Total
Cash and cash equivalents	222,614	-	222,614
Trade and other receivables	907,318	-	907,318
Loans and borrowings	(1,117,441)	-	(1,117,441)
Trade and other payables	(798,271)	(5,621)	(803,892)
	(785,780)	(5,621)	(791,401)

Sensitivity

The consolidated entity had no material exposure from changes in foreign currency exchange rates at 30 June 2016 or 30 June 2015.

16. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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

	Carrying amount ($)	Contractual cashflows ($)	6 months or less ($)	1 to 5 years ($)
2016				
Trade and other payables	401,295	401,295	359,228	42,067
Loans and borrowings	1,495,380	1,495,380	272,163	1,223,217
	1,896,675	1,896,675	631,391	1,265,284
2015				
Trade and other payables	803,892	803,892	713,968	89,924
Loans and borrowings	1,117,441	1,117,441	382,794	734,647
	1,921,333	1,921,333	1,096,762	824,571

(d) Commodity price risk

The consolidated entity is not exposed to commodity price risk at 30 June 2016 or 30 June 2015.

(e) Fair values

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

Consolidated	Carrying amount 2016 ($)	Fair value 2016 ($)	Carrying amount 2015 ($)	Fair value 2015 ($)
Cash and cash equivalents	45,125	45,125	222,614	222,614
Trade and other receivables	961,277	961,277	907,318	907,318
Loans and borrowings	(1,495,380)	(1,495,380)	(1,117,441)	(1,117,441)
Trade and other payables	(401,295)	(401,295)	(803,892)	(803,892)
	(890,273)	(890,273)	(791,401)	(791,401)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

17. RELATED PARTY TRANSACTIONS

Korab Resources Limited is the ultimate parent entity.

Interests in subsidiaries are disclosed in Note 13 and details of key management personnel compensation is set out in Note 18. The remuneration of key management personnel is set out in the Remuneration Report on page 11. Related party receivables are shown in Note 6 and related party payables in Note 10.

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

	2016 $	2015 $
Payments made to Rheingold Investments Corporation Pty Ltd for:		
- Management contract fees paid	-	-
- Management contract fees accrued	327,000	327,000
Total payments to Rheingold Investments Corporation Pty Ltd	327,000	327,000

During the reporting 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 and Mr. Karpinski at period end for loans to parent entity and unpaid fees is $672,730 (2015: $617,592) at an average interest rate of 13.55%. The loans and unpaid fees are not payable prior to 30 September 2017. 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.

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 $922,735 (2015: $853,703) at an interest rate of 8.5%. The receivable is not payable prior to 30 September 2017.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

(a) Key management personnel compensation

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

	2016 ($)	2015 ($)
Short term benefits	405,000	383,333
Post-employment	4,940	2,882
	409,940	386,215

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

18. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Information regarding individual directors and executives compensation is provided in the Remuneration Report as set out on pages 10 to 13. Details of equity instruments held directly, indirectly or beneficially by key management personnel and their related parties are included in the directors' report.

(b) Other key management personnel transactions

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

	2016 ($)	2015 ($)
Current		
Trade and other payables	-	42,661
Loans and borrowings	189,664	225,315
Non-current		
Trade and other payables	42,067	89,924
Loans and borrowings	883,433	417,509

19. COMMITMENTS

Lease commitments

	2016 $	2015 $
Non-cancellable operating leases (office lease)		
Within one year	6,100	35,000
Later than one year but not later than 5 years	-	-
	6,100	35,000

The office lease, which commenced on 11 August 2013, comprises an initial term of three years.

Mining tenements

	2016 $	2015 $
Annual expenditure commitments to maintain current rights to tenure of mining tenements	110,000	406,500
Rehabilitation obligations	-	-
	110,000	406,500

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

20. CONTINGENT LIABILITIES

Key Management Personnel Contracts

Contingent liabilities arising from key management personnel contracts are set out in the Remuneration Report as set out on pages 10 to 13.

21. PARENT ENTITY INFORMATION

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

	2016 $	2015 $
Statement of Financial Position		
Current assets	47,512	256,682
Total assets	2,659,670	2,671,374
Current liabilities	477,479	770,256
Total liabilities	1,700,697	1,587,932
Equity		
Contributed equity	16,653,495	15,671,122
Reserves	4,000	4,000
Accumulated losses	(15,698,521)	(14,591,679)
	958,974	1,083,443
Loss for the year	(1,106,842)	(797,172)
Total comprehensive loss for the year	(1,106,842)	(797,172)

The parent entity has not provided any financial guarantees in respect of subsidiaries, nor did it have any contingent liabilities as at 30 June 2016 or 30 June 2015.

The Company 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
FOR THE YEAR ENDED 30 JUNE 2016

(1) In the opinion of the directors of Korab Resources Limited:

(a) the financial statements and notes set out on pages 15 to 41 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001,* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001.*

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

Signed in accordance with a resolution of the directors.

Andrej K. Karpinski, FAICD, F Fin
Executive Chairman

Perth, Western Australia
30 September 2016

HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Korab Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Korab Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd

Basis for qualified opinion

Included in the company's non-current trade and other receivables as at 30 June 2016 is a loan to Polymetallica Minerals Limited ("Polymetallica") of $922,734. Polymetallica is a company whose principal asset is expenditure on areas of interest in the exploration and evaluation phase. The directors of Korab Resources Limited have advised us that, in their opinion, the loan is fully recoverable based upon the value of the principal assets held by Polymetallica or the ability of Polymetallica to raise additional capital. We were unable to obtain sufficient appropriate audit evidence regarding the fair value of Polymetallica's areas of interest or ability to raise additional capital, in order to form an opinion as to the recoverability of the loan. Consequently, we are unable to determine whether any impairment of this loan is necessary.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph:

(a) the financial report of Korab Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 1(a) to the financial statements which indicates that the Group is dependent on raising additional funding to enable it to continue as a going concern for the period of 12 months from the signing of the annual financial report. If the Group is unable to raise sufficient funding, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Korab Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 September 2016

CORPORATE GOVERNANCE STATEMENT

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

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

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

BOARD OBJECTIVES

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

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

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

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

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

STRUCTURE OF THE BOARD

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

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

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

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

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

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

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

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

A profile of each director containing the applicable information is set out in the directors' report.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

NOMINATION ARRANGEMENTS

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

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

PERFORMANCE

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

REMUNERATION ARRANGEMENTS

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

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

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

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

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

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

AUDIT COMMITTEE

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

IDENTIFICATION AND MANAGEMENT OF RISK

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

ETHICAL STANDARDS

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

INDEPENDENT DIRECTORS

The independent directors are Rodney Skeet and Anthony Wills.

FEMALE EMPLOYEES

As at 30 June 2016 the parent company had no part time or full time employees.

As at 30 June 2016 the proportion of males and females employed by the Korab Group (including local and overseas subsidiaries) was as follows:

	Male	Female	Total	% Female
Directors	4	0	4	0%
Senior executives	1	1	2	50%
Other	1	1	2	50%
Total	6	2	8	25%

CORPORATE GOVERNANCE STATEMENT (Continued)

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (NOT COMPLETE)

From 1 July 2015 to 30 June 2016 (the "Reporting Period") the Company complied with the Corporate Governance Principles and the Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below:

	Notification of Departure	Explanation of Departure
2.4	A majority of Board are not independent directors	The Board consists of an Executive Chairman, one independent non-executive director and one non-independent non-executive director. The Board does not consider it is cost effective to increase the size of the board to meet this recommendation given the size of the Company.
2.5	The Chairman is not an independent director and acts in the capacity of chief executive officer.	The Board considers that the Company is currently of a size and complexity where the Chairman can act in an executive capacity. If the Company's activities increase in size, scope and/or nature the appointment of a non-executive Chairman will be considered by the Board.
1.5	The Company does not have a diversity policy.	The parent Company does not have either full time or part time employees. The contractors supplying services to the Company observe their own diversity and equal opportunity policies. The Board is confident that Korab Group's recruitment practices result in the employment of the most suitable candidate without discriminating unfairly against any potential employee on the basis of gender, age, ethnicity, culture, or on any other basis.
2.1	A separate Nomination Committee has not been formed	The Board intends to appoint a Nomination Committee during the 2017 financial year.
4.1	The Company does not have an Audit Committee	The Board intends to appoint an Audit Committee during the 2017 financial year.
8.1	The Company does not have Remuneration Committee	The Board intends to appoint a Remuneration Committee during the 2017 financial year.
6.3	The Company has not adopted a policy to encourage participation at meetings of security holders	The Board considers that shareholders currently receive both the information and adequate notice to participate at meetings of security holders.
7.1, 7.2	The Company does not have a Risk Committee	The Board considers that it was of an effective composition, size and commitment to adequately discharge its responsibilities and duties during this period, however no formal review of the risk management framework occurred during the period.
7.3	The Company does not have an internal audit function	The Board considers that the Company is not currently of a size to justify the formation of an internal audit function. The Board considers that it, in conjunction with the CFO, was of an effective composition, size and commitment to adequately discharge its responsibilities and duties during this period.

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules as at 28 September 2016 and not disclosed elsewhere in this report is set out below.

SUBSTANTIAL SHAREHOLDERS

The following shareholders have lodged substantial shareholder notices with ASX:

Beneficial holder	Shares	%
Andrej K. Karpinski,	41,079,693	19.74

DISTRIBUTION OF SHAREHOLDERS

The distribution of security holders is as follows:

Range of holding	Shareholders	Number Of Ordinary Shares
100,001 and over	180	186,164,218
10,001 – 100,000	519	19,851,488
5,001 – 10,000	173	1,479,889
1,001 – 5,000	173	547,085
1 – 1,000	132	29,678
Totals	**1,177**	**208,072,358**

The number of shareholders holding less than a marketable parcel of ordinary shares is 604.

VOTING RIGHTS (ORDINARY SHARES)

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

SCHEDULE OF MINERAL TENEMENTS

The details of tenements, miscellaneous licences and land leases held by Korab Resources Limited and controlled entities as of 28 September 2016 are as follows:

Tenement	Registered Holder/Applicant	Korab's Share	Status	Grant Date/ Application Date	Expiry Date	Area	Current Annual Rent	Current Annual Minimum Expenditure
EL29550	Korab Resources Limited	100%	Granted	1/08/2012	31/07/18	17,100ha	$8,438	$110,000
MLN512	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	16ha	$555	N/A
MLN513	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	16ha	$555	N/A
MLN514	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	16ha	$555	N/A
MLN515	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	16ha	$555	N/A
MLN542	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	15ha	$540	N/A
MLN543	Korab Resources Limited	100%	Granted	19/04/1982	31/12/23	15ha	$540	N/A
ML27362	Geolsec Phosphate Operations Pty Ltd	100%	Granted	22/04/2010	21/04/35	234.3ha	$5,177	N/A
ML30587	AusMag Pty Ltd	100%	Granted	21/10/2015	20/10/40	349.3ha	$7,270	$0
BKB169	LLC "Donetsky Kryazh"	100%	Granted	30/10/2007	30/10/37	25ha	UAH102,804	N/A
4420381100	LLC "Donetsky Kryazh"	100%	Granted	29/07/2009	17/07/18	8ha	UAH23,119	N/A
1589	LLC "Donetsky Kryazh"	100%	Granted	29/07/2009	17/06/18	13ha	N/A	N/A
2730	LLC "Donetsky Kryazh"	100%	Granted	17/06/2002	17/06/18	12ha	N/A	N/A

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

ON-MARKET BUYBACK

There is no current on-market buyback.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

Name	Number Of Ordinary Fully Paid Shares	% Held Of Issued Ordinary Capital
RHEINGOLD INVESTMENTS CORPORATION PTY LTD	37,827,585	18.18
CUSTODIAL SERVICES LIMITED	10,779,139	5.18
S ANTONENKO	10,000,000	4.81
RIADIS HOLDINGS PTY LTD	9,350,000	4.49
CHANCERY HOLDINGS PTY LTD	8,261,503	3.97
SYRACUSE CAPITAL PTY LTD	5,412,283	2.60
VECTOR NOMINEES PTY LIMITED	5,333,333	2.56
LJM ENTERPRISES (WA) PTY LTD	4,600,000	2.21
DM IRWIN	4,500,000	2.16
WB TUCKETT & SL TUCKETT	4,220,000	2.03
CHANCERY HOLDINGS PTY LTD	3,499,379	1.68
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	3,290,922	1.58
RHEINGOLD INVESTMENTS CORPORATION PTY LTD	3,252,108	1.56
AG MCCREA	3,186,176	1.53
LJM CAPITAL CORPORATION PTY LTD	2,500,000	1.20
SB HATRICK	2,416,668	1.16
DROCK INTERNATIONAL PTY LTD	1,949,200	0.94
EM FINGER	1,924,712	0.93
JM HATRICK	1,870,000	0.90
CHANCERY HOLDINGS PTY LTD	1,600,000	0.77
Total	**125,773,008**	**60.45**
Balance of register	**82,299,350**	**39.55**
Grand total	**208,072,358**	**100.00**