

14th April 2022

Letter to Shareholders

Dear Shareholder,

It is with great pleasure that I am writing this letter to the shareholders of Korean Metals Exploration Limited (**Korean Metals Exploration or the Company**). The purpose of this letter is to inform you of the work that has been done to date and how we are progressing towards conducting an initial public offer (**IPO**) and listing on the Australian Securities Exchange (**ASX**).

Korean Metals Exploration has come a very long way in a short period of time. We appointed Beer & Co of Melbourne as Lead Manager in October 2021, and commenced a seed capital raising of \$156,600 to enable the Company to commence the IPO process, including changing its corporate structure to a public company limited by shares. This was followed up by a pre-IPO capital raising of \$1.25 million, which closed a few weeks ago. The Company now has 49 shareholders and everyone should have received their Share and Option Certificates.

I am pleased to advise that the Company has appointed to the Board, two independent non-executive directors, Mr Elias (Leo) Khouri and the Honourable Katrina Hodgkinson. Mr Leo Khouri, as the Chairman of the Company, has extensive experience in international financial equity markets since 1987 and is currently a non-executive director of Greenvale Mining Ltd. Ms Katrina Hodgkinson was a Member of the NSW Parliament for 20 years, serving as the Minister for Primary Industries, Minister for Small Business and a Parliamentary Secretary and Katrina has significant corporate governance experience. Together, Leo and Katrina bring a wealth of experience to the Board and we are fortunate to have them join us.

In addition to the above, The Company has been undertaking a number of other activities and these include:

IPO Preparations

The Company has engaged the following advisors to assist with preparing the necessary documentation required for the IPO:

Role	Advisor
Legal Advisors - Australia	GrilloHiggins Lawyers
Legal Advisors – South Korea	Kim & Chang
Company Secretary	Kurt Laney
Chief Financial Officer	Vince Fayad
Independent Geologist	Veronica Webster Pty Limited
Investigating Accountant	RSM Corporate Australia Pty Ltd
Auditor	RSM Australia Pty Ltd
Share Registry	Link Market Services Limited

Work for the IPO has substantially progressed. In this regard:

- the Independent Geologist's Report for inclusion in the IPO prospectus has been prepared by Veronica Webster Pty Limited;
- the audit of the Company's financial statements for the 2019 to 2021 financial years is well advanced;

- the Company's Australian and Korean legal advisors have also commenced their due diligence investigations, including preparation of a Legal Tenement Report on the Company's tenements for inclusion in the IPO Prospectus; and
- an advanced draft of the prospectus has been prepared.

We are confident that, subject to market conditions at the time, we will be in a position to lodge the prospectus with ASIC and the Listing Application with ASX by the end of May, with a view to list on the ASX in July. The provisional ASX ticker code on listing for Korean Metals Exploration is ASX:KML.

Drilling program

With funding in place, the Company has been working on a pre-IPO drilling program. The purpose of this program is to confirm previous historical drilling results for the Dongil prospect.

This drilling program in South Korea is progressing well. Executive Director Kim Wan Joong has been very busy preparing the drill program, including negotiating multiple Land Use Agreements (LUA), a land purchase, organising drilling contractors (Hanjin DNB-16 diamond drill rig, see photograph), and preparing Drilling Permits. Important work also includes preparation of a Mine Development Permit application.

The initial check drilling comprises 4 holes (970 metres HQ core) and a subsequent follow-on Phase 1 resource definition drilling program (18 drill holes; 4,800 metres HQ core) at the Dongil prospect. A Bongo 4WD light truck (see photograph) is being purchased as a dedicated support vehicle for the drill program.



The Drilling Permits (and Temporary Land Use Permits) require a Forest Survey Report on the access tracks and drill sites, as well as a Nematode (Pine Borer) Report issued by the *Korean Forest Service (KFS)*. As the KFS has several surveys to complete in the district, we are now anticipating to start the drilling in June.

Establishment of a Site Office

A suitable Site Office-Core Shed processing facility has been found close to Uiseong town. It is ideally located adjacent to the major Expressway linking with Seoul, but also easily connects with the Haman and Goseong projects further to the south. The site office has been leased for 2 years and features a large office (see photograph) and an outdoor area, including a concrete pad which is ideal for:



- Core Orientation, mark-up & recovery
- Core photography (natural light and ultra violet light imaging)
- Geological logging
- Structural orientation logging

- Density measurements
- Geotechnical tests (hardness, unconfined compressive strength)
- Core cutting using petrol saw initially. An automated core saw will be manufactured (about 1 month) and then imported later
- Sample preparation facility (jaw crusher and drying oven) will be manufactured (about 4-5 months) and then imported later
- Long-term storage of drill core in racks

Forward lead items for the drilling program and core shed facility have been purchased and are in a shipping container, which is scheduled to arrive in Busan port during May. These items include core trays, petrol core saw, camera tent, logging table/conveyors, specific gravity station, geotechnical testing equipment and custom-made UV Lamps for core tray photography.

Travel to Korea

Australians are now able to apply for an on-line visa into South Korea, after a 2-year period related to Covid-19 travel restrictions (Australian Government).

Michael Beer (of *Beer & Co*) and I will be travelling to Korea on 26 April to review the projects on site for 2-3 days. Michael will then fly on to London to attend the *Mines & Money Conference*. I will remain on site during May to help set up the core shed, and assist our Korean team to get everything ready for the drill program, as well as meet and present to MOTIE and local government officers.

Website

The Company's website www.koreanmetals.com will be updated prior to commencement of the IPO to include the corporate governance policies and address other matters in anticipation of the ASX listing.

Investor Relations

A preliminary meeting has been held with a well-known Investor Relations advisor and the Company expects to engage this group shortly to assist with the IPO.

Beer & Co are attending the *Mines & Money Conference* in London during 4-5 May, with a view to discussing with UK brokers the Company's IPO.

Closing Remarks

The past 5 months have been a busy but exciting time for the Company. I feel the wind is in our sails now, as gold, copper, silver, zinc and lead metal prices have risen to near record levels. The geopolitical backdrop, supply chain disruptions, a lack of new mineral deposit discoveries, decreasing mine grades, the huge capex of larger mines, the "new green economy" and the trend towards self-reliance are all factors increasingly favouring the development of smaller, lower-environmental impact mining operations, situated close to domestic metal refineries within South Korea and neighbouring Japan.

I wish everyone good health, fortune and prosperity and we will keep you informed as to the progress of the IPO and ASX listing.

Kind regards,



Chris Sennitt
BappSci (Applied Geology), MSc (Economic Geology), FAIG, SEG, EGRU.
Managing Director

Corporate Fact Sheet

Korean Metals Exploration Limited is focussed on developing its gold-copper-silver-zinc and lead projects, situated in the Gyeongsang Basin of South Korea. The projects are a 3-5 hour drive from Seoul via Expressway.

Capital Raisings

Founders (3) =	\$803,484
Seed (5) =	\$156,555
Pre-IPO (40) =	\$1,250,000
Total Capital Raised =	\$2,210,039

Summary of Expenditures – Period 2015 to 31st March 2022 (unaudited)

Corporate	\$427,593
Capital Raising Costs	\$162,364
Exploration	\$791,136
Total Expenditure =	\$1,381,093

Cash held in Bank as of 31st March 2022 (unaudited)

Total Cash held =	\$949,173
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Capital Structure as of 31st March, 2022

- Founders (3) 19,320,000 Shares
- Seed (5) 3,680,000 Shares
- Pre-IPO (40) 12,500,000 Shares
- Commissions (1) 1,000,000 Shares

Total Shares on Issue = 36,500,000 Shares

Total Options on Issue = 4,925,000 Options (exercisable at \$0.30 expiring 30/06/2025)

The Board

Leo (Elias) Khouri	Independent Non-Executive Chairman
Chris Sennitt	Managing Director
Hon. Katrina Hodgkinson JP	Independent Non-Executive Director
Kim Wan Joong	Executive Director

