

14 October 2020

## KTA Completes \$2.1M Placement and Appoints CEO

Krakatoa Resources Ltd (ASX: KTA) ("Krakatoa" or "the Company") is pleased to announce that it has received firm commitments from professional and sophisticated investors to raise \$2,125,000 (before costs) via a placement ("Placement") of 25,000,000 ordinary shares at an issue price of \$0.085 (8.5 cents) per share ("Placement Shares").

The funds raised will be used primarily to advance the Company's three gold projects in New South Wales' Lachlan Fold Belt and the Mt Clere project in the Narryer Terrane, Western Australia, ongoing project generation and evaluation activities, costs of the issue and working capital.

Allotment of the Placement Shares is anticipated to occur on or about 19 October 2020 under the Company's existing Listing Rule 7.1 capacity. Brokers with an AFSL participating in the Placement will receive a 6% fee on all funds raised.

In addition, to strengthen Krakatoa's exploration and management expertise, the Company is pleased to announce the appointment of Mr Mark Major as Chief Executive Officer.

Mark is a qualified geologist with a Masters in Business Administration and has more than 25 years in the resources industry. During the last 17 years, he has held executive and senior management roles within junior and mid-tier resources companies within Australia and internationally. Mr Major brings an abundance of gold experience and has been instrumental in developing greenfield exploration projects to the mine development stage.

Executive Chairman, Colin Locke commented:

*"We are fortunate to have attracted the services of the highly experienced executive geologist, Mark Major. The oversubscribed placement and calibre of our incoming CEO, is testament to the prospectivity of projects held by the Company, most of which have been acquired by non-dilutive direct applications. With over \$4 million post placement and an executive team aligned with shareholder interests, we are well primed to unlock major value for our shareholders".*

Incoming CEO, Mark Major commented:

*"I am delighted to be joining the Krakatoa team in this exciting period of the company evolution and I am looking forward to the challenge of delivering on the Company's immense potential. Krakatoa has all the ingredients for success; outstanding projects, a quality board, focused corporate strategy, and an experienced discovery team. I believe we have the potential to create significant value for shareholders and stakeholders alike."*



**ASX Code**  
KTA, KTAOC

### Capital Structure

250,950,000 Fully Paid Shares  
82,800,000 Options @ 5c exp 31/07/21  
5,000,000 Options @ 7.5c exp 31/07/21  
12,000,000 Options @ 10c exp 24/10/20

### Directors

Colin Locke  
David Palumbo  
Timothy Hogan

### Enquiries regarding this

**announcement can be directed to**

Colin Locke  
T. +61 457 289 582

A summary of the material terms of Mr Major's employment arrangement is detailed below:

1. Commencement Date: 14 October 2020
2. Term: No fixed term
3. Salary: \$220,000 per annum inclusive of 9.5% superannuation
4. Options: Subject to receipt of shareholder approval under the Listing Rules at the Company's next annual general meeting (AGM), 5,000,000 unquoted options expiring on the date that is three years less one day from the date of the Company's AGM, exercisable at a price equal to a 33% premium of the Company's closing share price on the date of the Company's AGM. The options will vest six months from the Commencement Date and otherwise be issued on the terms and conditions to be set out in the Company's notice of AGM.
5. Share Appreciation Rights: Subject to receipt of shareholder approval under the Listing Rules at the Company's next AGM, 7,500,000 share appreciation rights, each vesting one year from the Commencement Date and expiring on the date that is three years from the date of the AGM (Expiry Date), and otherwise on the terms and conditions to be set out in the Company's notice of AGM but will include:
  - 2,500,000 vesting if the 10-day volume weighted average price (VWAP) of the Company's fully paid ordinary shares (Shares) is 20c or more, calculated over any period of 10 consecutive days in which trades in the Shares were made prior to the Expiry Date;
  - 2,500,000 vesting if the 10-day VWAP of the Company's Shares is 30c or more, calculated over any period of 10 consecutive days in which trades in the Shares were made prior to the Expiry Date; and
  - 2,500,000 vesting if the 10-day VWAP of the Company's Shares is 40c or more, calculated over any period of 10 consecutive days in which trades in the Shares were made prior to the Expiry Date.
6. Termination: Either party may terminate the Executive Services Agreement by providing three (3) months' prior notice
7. Other: The Executive Services Agreement also contains standard terms covering confidentiality, change in control, intellectual property, moral rights, expense reimbursements and post-employment restraints

The Board will also be seeking approval of the following proposed securities, subject to shareholder approval at the AGM:

- 10,000,000 unquoted options expiring on the date that is three years less one day from the date of the Company's AGM, exercisable at a price equal to a 33% premium of the Company's closing share price on the date of the Company's AGM, to be issued to Executive Chairman Colin Locke (4million) and directors Tim Hogan and David Palumbo (3 million each).
- 3,000,000 ordinary shares as a bonus issue to Non-Executive Director David Palumbo for identifying the Rand, Turon and Mt Clere Projects for direct application by the Company.
- 7,500,000 share appreciation rights (3 tranches of 2,500,000) to Executive Chairman Colin Locke, consistent with the expiry date and price milestones as the incoming CEO.

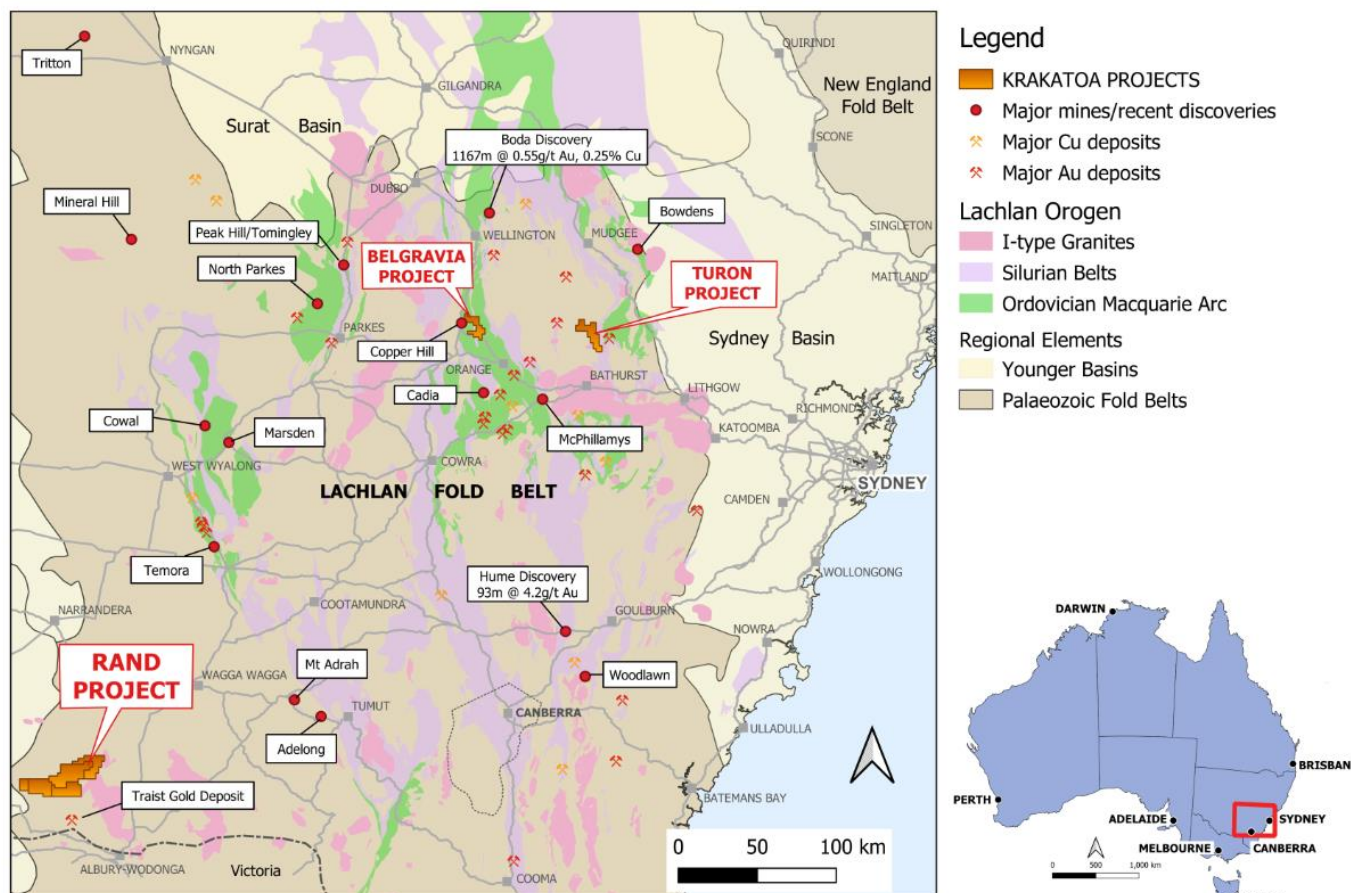
Authorised for release by the Board.

**FOR FURTHER INFORMATION:**

Colin Locke  
Executive Chairman  
+61 457 289 582  
[locke@ktaresources.com](mailto:locke@ktaresources.com)

## ABOUT KRAKATOA:

Krakatoa is an ASX listed public Company predominately focused on gold exploration in the world class Lachlan Fold Belt, NSW across three projects: Belgravia, Turon and Rand.



### Belgravia Project (100%):

The Belgravia Project covers an area of 80km<sup>2</sup> and is located in the central part of the Molong Volcanic Belt (MVB), East Lachlan province, between Newcrest Mining's Cadia Operations and Alkane Resources Boda Discovery. The Project has six initial target areas considered highly prospective for porphyry Cu-Au and associated skarn Cu-Au, with Bell Valley and Sugarloaf representing the two most advanced target areas. Bell Valley contains a considerable portion of the Copper Hill Intrusive Complex, the interpreted porphyry complex which hosts the Copper Hill deposit (890koz Au & 310kt Cu) and has highly prospective magnetic low features spanning 6km. Sugarloaf contains a 900m Deep Ground Penetrating Radar anomaly located within a distinctive magnetic low feature considered characteristic of a porphyry-style deposit and co-incident with anomalous rock chips including 5.19g/t Au and 1.73% Cu.

### Turon Project (100%):

The Turon Project covers 120km<sup>2</sup> and is located within the Lachlan Fold Belt's Hill End Trough, a north-trending elongated pull-apart basin containing sedimentary and volcanic rocks of Silurian and Devonian age. The Project contains two separate north-trending reef systems, the Quartz Ridge and Box Ridge, comprising shafts, adits and drifts that strike over 1.6km and 2.4km respectively. Both reef systems have demonstrated high grade gold anomalism (up to 1,535g/t Au in rock chips) and shallow gold targets (up to 10m @ 1.64g/t Au from surface to end of hole) that warrant detailed investigation.

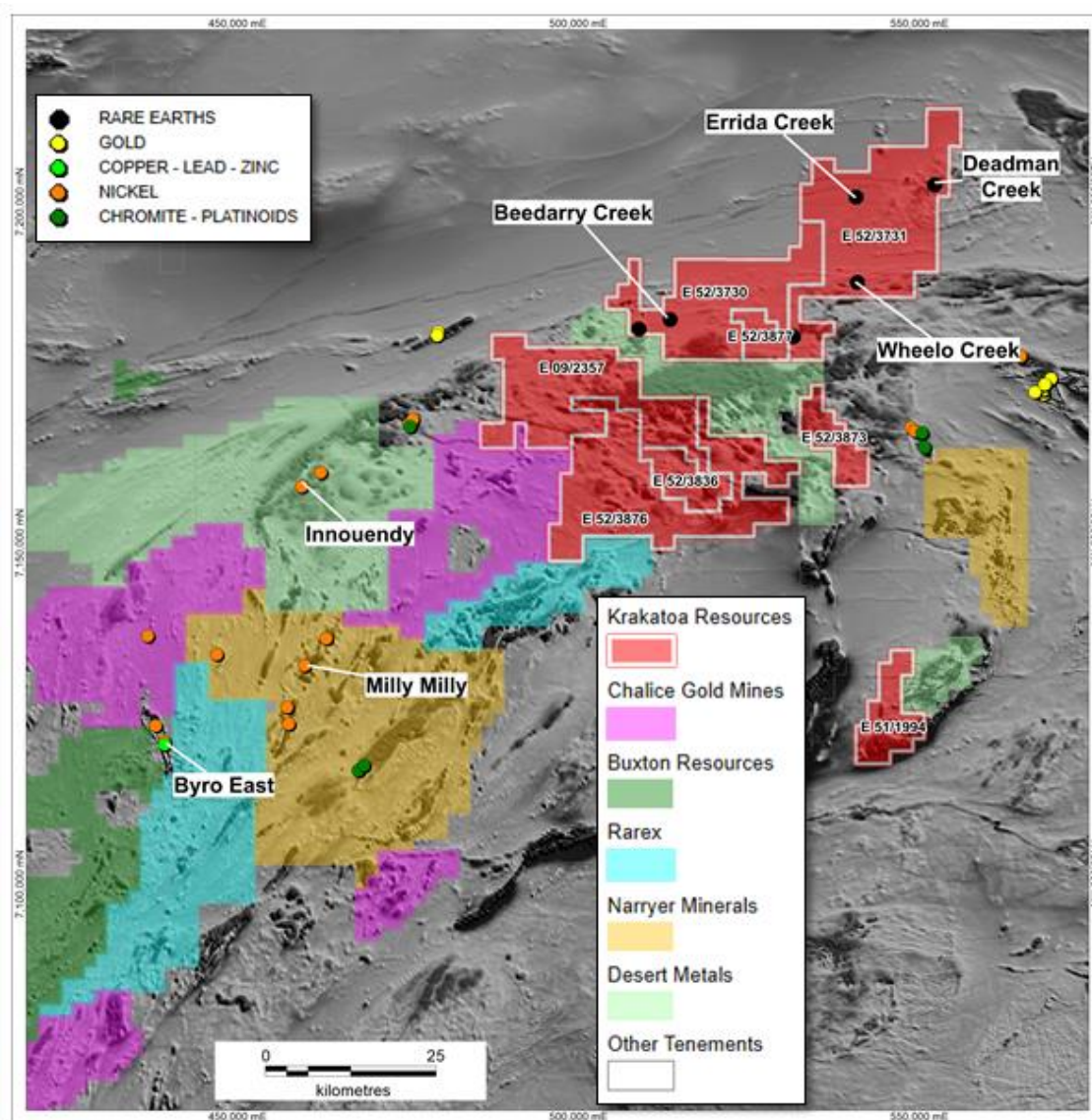
### Rand Project (100%)

The Rand Project covers an area of 580km<sup>2</sup>, located approximately 60km NNW of Albury in southern NSW. The Project has a SW-trending shear zone that transects the entire tenement package forming a distinct structural corridor some 40 km in length. The historical Bulgandra Goldfield, which is captured by the Project, demonstrates the project area is prospective for shear-hosted and intrusion-hosted gold. Historical production records show substantial gold grades, including up to 265g/t Au from the exposed quartz veins in the Show Day Reef.

Krakatoa also has the Mt Clere Project in the Gascoyne Region of Western Australia which covers approximately 1,780 km<sup>2</sup> of prospective geology.

#### **Mt Clere Project (100% - under application)**

The Mt Clere Project cover regions of structural complexity within dense rocks of the Narryer Terrane thought to represent reworked remnants of greenstone sequences that are prospective for intrusion-hosted Ni-Cu-(Co)-(PGE's). Krakatoa initially applied for Mt Clere based on the tenure containing significant Rare Earth Element (REE) geochemical anomalies originally delineated by BHP Minerals and subsequently confirmed by Astro Mining in the 1990s. This work confirmed the ample presence of monazite in pan concentrates, with grades exceeding 50% in a large number of samples resulting in an anomaly exceeding 100km<sup>2</sup>. Importantly, monazite concentrates can contain up to 70% REE after physical upgrading, primarily cerium (Ce) and lanthanum (La) as well as significant concentrations of neodymium (Nd), praseodymium (Pr), and samarium (Sm).



#### **Competent Person Statement**

The information in this announcement that relates to exploration results was first released by the Company on 19 June 2019, 25 November 2019, 3 December 2019, 14 April 2020, 26 June 2020 and 6 July 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.