Announcement Summary

Entity name

KRAKATOA RESOURCES LIMITED

Announcement Type

New announcement

Date of this announcement

Wednesday October 14, 2020

The Proposed issue is:

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
n/a	Unquoted options	15,000,000
n/a	Share Appreciation Rights	15,000,000
KTA	ORDINARY FULLY PAID	28,000,000

Proposed +issue date

Monday October 19, 2020

Refer to next page for full details of the announcement

Part 1 - Entity and announcement details

1.1 Name of +Entity

KRAKATOA RESOURCES LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

1.2 Registered Number Type

Registration Number

ABN

39155231575

1.3 ASX issuer code

KTA

1.4 The announcement is

☑ New announcement

1.5 Date of this announcement

Wednesday October 14, 2020

1.6 The Proposed issue is:

☑ A placement or other type of issue

Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 - Are any of the following approvals required for the placement or other type of issue?

- +Security holder approval
- Court approval
- Lodgement of court order with +ASIC
- ACCC approval
- FIRB approval
- Another approval/condition external to the entity

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)? Existing class

Will the proposed issue of this +security include an offer of attaching +securities? ☑ No

Details of +securities proposed to be issued

ASX +security code and description

KTA: ORDINARY FULLY PAID

Number of +securities proposed to be issued

25,000,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

Yes

In what currency is the cash consideration being paid?

What is the issue price per +security?

AUD 0.08500

AUD - Australian Dollar

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)? New class

Will the proposed issue of this +security include an offer of attaching +securities? ☑ No

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1? ✓ No

Have you received confirmation from Will the entity be seeking quotation of the 'new' class of +securities on ASX? ☑ No

ASX +security code

+Security description

New class-code to be confirmed

Unquoted options

+Security type

Options

Number of +securities proposed to be issued

15,000,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration? ✓ No

Please describe the consideration being provided for the +securities

Options to be issued to Directors and CEO (subject to shareholder approval)

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

565.350.000000

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes

Options details



Proposed issue of securities

+Security currency

Exercise price

Expiry date

AUD - Australian Dollar

AUD

Details of the type of +security that will be issued if the option is exercised

KTA: ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

15000000

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Terms and conditions to be set out in the Company's notice of AGM

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

New class

Will the proposed issue of this +security include an offer of attaching +securities? ☑ No

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

☑ No

ASX +security code

+Security description

New class-code to be confirmed

Share Appreciation Rights

+Security type

Performance options/rights

Number of +securities proposed to be issued

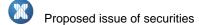
15,000,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?
⊗ No

Please describe the consideration being provided for the +securities

Share Appreciation Rights to be issued to the Executive Chairman and CEO (subject to shareholder approval)



Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?
☑ Yes

Performance options/rights details

+Security currency Exercise price Expiry date

AUD - Australian Dollar AUD

Details of the type of +security that will be issued if the option is exercised

KTA: ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

15000000

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Terms and conditions to be set out in the Company's notice of AGM

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities? ☑ No

Details of +securities proposed to be issued

ASX +security code and description

KTA: ORDINARY FULLY PAID

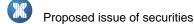
Number of +securities proposed to be issued

3,000,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

☑ No



Please describe the consideration being provided for the +securities

Issue of shares for identifying the Rand, Turon and Mt Clere Projects for direct application by the Company (subject to shareholder approval)

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities 255.000.000000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

✓ Yes

Part 7C - Timetable

7C.1 Proposed +issue date

Monday October 19, 2020

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

⊗ No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? ☑ Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

25,000,000

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

☑ No

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

☑ No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

☑ No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

Part 7E - Fees and expenses

THE PARTY OF THE P	Proposed issue of securities
	Proposed issue of securities

7E.1 Will there be a lead manager or broker to the proposed issue?
⊗ No

7E.2 Is the proposed issue to be underwritten? $\[\mathfrak{S} \]$ No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Brokers with an AFSL participating in the Placement will receive a 6% fee on funds raised

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

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

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?
⊗ No

7F.2 Any other information the entity wishes to provide about the proposed issue