

25 June 2021

Notification of Expiry of Listed Options

Krakatoa Resources Limited (ASX: KTA) (**Company**) advises that the attached letter has been sent to registered holders of listed options (ASX: KTAOC) (**Options**) which are exercisable at \$0.05 on or before 5.00pm (WST) on 31 July 2021 (**Expiry Date**).

Official quotation of the Options on ASX will cease at close of trading on 26 July 2021, being four business days before the Expiry Date.

Holders of the Options can exercise all or part of their Options prior to the Expiry Date by providing the Company a completed written exercise notice specifying the number of Options being exercised and a payment of funds for the total exercise price for the number of Options being exercised.

The Board of the Company has authorised this announcement to be released to the ASX.

Yours sincerely,



Colin Locke
Executive Chairman



ASX Code
KTA, KTAOC

Capital Structure

278,950,000 Fully Paid Shares
82,800,000 Options @ 5c exp 31/07/21
5,000,000 Options @ 7.5c exp 31/07/21
15,000,000 Options @ 7.5c exp 29/11/23
15,000,000 Share Appreciation Rights

Directors

Colin Locke
David Palumbo
Timothy Hogan

Enquiries regarding this

announcement can be directed to
Colin Locke
T. +61 457 289 582

25 June 2021

Dear Option Holder

IMPORTANT INFORMATION / ACTION REQUIRED

Expiry of Listed Options (ASX: KTAOC)

*We are writing to you as a registered holder of listed options (ASX: KTAOC) (**Options**) in Krakatoa Resources Limited (**Krakatoa** or **Company**) to remind you that the Options will expire at 5:00pm (WST) on 31 July 2021 (**Expiry Date**).*

The expiration of Options occurs during a transformative period for Krakatoa, as we rapidly reveal amongst other initiatives:

- ❖ *the nature and extent of the newly granted Mt Clere Ni-Cu-PGE, REE, HMS & Au Project in WA;*
- ❖ *the prospect of more discoveries at our exciting IRGS Rand Gold Project in NSW;*
- ❖ *results from our maiden drill program at the Sugarloaf Cu-Au porphyry project, also in NSW.*

Our aggressive discovery driven exploration strategy is underway at our 3 priority projects being:

1. Mt Clere Ni-Cu-(Co)-PGEs, REEs & HMS -Gascoyne WA (100% KTA)

Recent breakthroughs with Heritage Agreements means we are now rapidly unlocking Mt Clere's value for shareholders.

Mt Clere is located within the Narryer Terrane at the northwest margin of the Yilgarn Craton and prospective for REE and Ni-Cu-PGE mineralisation. The potential for the Narryer Terrane to host another Julimar spawned a pegging frenzy by several listed companies around KTA's tenure, including Chalice Mining Limited (ASX: CHN). Significantly, KTA's sizeable landholding surrounds Desert Metals Limited (ASX: DM1) where several strong airborne EM conductors have recently been defined.

Mt Clere is also reported to host multiple REE deposit styles including:

- ✓ *monazite sands in vast alluvial terraces;*
- ✓ *carbonatite dyke swarms e.g., Hasting's Yangibana Project; and*
- ✓ *Chinese-type ion adsorption clays.*

2021 Share Price Catalysts: *Site visit already done, hundreds of stream, regolith and rock samples taken with lab results pending, airborne geophysical survey interpretation, EM and magnetic surveys along with additional geochemical sampling over possible target areas planned.*



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2. **Rand Gold Project – Lachlan Fold NSW (100% KTA).**

Recent shallow drilling results combined with the maiden major soil geochemistry program have led the technical team to state that “Rand has strong potential of significant, large-scale Intrusion Related Gold yet to be uncovered” within the 580km² landholding. Over twenty extensive, high tenor and coherent pathfinder multi-element IRGS anomalies, many coincident with gold anomalies undergoing systematic investigation.

2021 Share price catalysts: Infill soil sampling over the recently discovered multi-element IRGS and gold anomalies and an expanded soil geochemistry program will pave the way for the second and substantial phase of drilling in Q4, 2021.

3. **Belgravia Cu-Au Porphyry Project – Lachlan Fold NSW (100% KTA)**

The Company is targeting a Cu-Au porphyry discovery at Belgravia, located next door to the Copper Hill Deposit of 890,000oz gold and 310,000t copper (*GCR ASX announcement 19 January 2021) and ~30km north of Cadia in the Molong Volcanic Belt. Excitement is supported by deep ground penetrating radar interpretations, geochemical results, magnetic anomalism and the collection of surficial gold and copper specimens.

2021 Share price catalysts: First phase AC drilling and an expanded soil geochemical program is underway at the much-anticipated Sugarloaf Cu-Au prospect. Assay results are pending and will assist with deeper porphyry vectoring and potentially highlighting areas where mesothermal or skarn related systems maybe present closer to surface.

All 3 projects have all the hallmarks of becoming company makers in their own right.

The foundations are being laid for higher share prices via high leverage associated with KTA’s tight capital structure, highly prospective projects in Tier 1 mining jurisdictions, steadfast top shareholders, committed executive and exploration team with interests aligned with our shareholders.

Instructions

There is no obligation upon Option holders to exercise their Options. The courses of action available to you as a holder of these soon to expire Options are:

- (a) **Exercise your Options:** If you wish to exercise your Options, you must complete the “Notice of Exercise of Options” (**Notice of Exercise**) form accompanying this letter and provide the completed Notice of Exercise together with payment of \$0.05 per Option being exercised in accordance with the instruction set out in the Notice of Exercise.

Your completed Notice and payment (in cleared funds) must be received by no later than 5:00pm (WST) on the Expiry Date. Instructions regarding methods of payment are included in the Notice of Exercise.

- (b) **Sell your Options:** Please note that official quotation of the Options on ASX will cease at close of

trading on 26 July 2021, being four business days before the Expiry Date.

- (c) **Do nothing and allow your Options to expire:** *If you do not exercise or sell your Options in the manner described above, they will expire at 5:00pm (WST) on the Expiry Date and your right to subscribe for fully paid ordinary shares in the capital of the Company (**Shares**) at \$0.05 per Share will lapse.*

In accordance with clause 5.2 of Appendix 6A of the ASX Listing Rules, the Company provides the following information:

- (a) *the name of the holder of the Options, the number of Options held and the number of Shares to be issued on exercise of the Options is set out in the personalised Notice of Exercise accompanying this letter;*
- (b) *the exercise price of the Options is \$0.05 per Option;*
- (c) *the Options must be exercised and payment (in cleared funds) received by no later than 5:00pm (WST) on 31 July 2021 (being the Expiry Date);*
- (d) *if you do not exercise (or sell) your Options in the manner described above, they will expire at 5:00pm (WST) on the Expiry Date and your right to subscribe for Shares at \$0.05 per Share will lapse;*
- (e) *official quotation of the Options on ASX will cease at close of trading on 26 July 2021, being four business days before the Expiry Date;*
- (f) *the market price of Shares on ASX on 23 June 2021 was \$0.045, being the closing price of Shares on ASX prior to the date of this letter;*
- (g) *during the 3 months preceding the date of this letter:*
- (i) *the highest market sale price of Shares on ASX was \$0.071 on 18 May and 19 May 2021;*
and
- (ii) *the lowest market sale price of Shares on ASX was \$0.045 on 23 June 2021.*
- (h) *as at the date of this notice, there are no underwriting agreements in relation to the Options.*

If you have any questions in relation to any of the above, please contact the Company on +61 8 9481 0389.

Yours sincerely,



Colin Locke
Executive Chairman



KRAKATOA

RESOURCES LTD.

ABN 39 155 231 575

KTAOC

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

| | |
|---------------------------------------|--|
| SRN/HIN | |
| Total Option Holding | |
| Number Option to be Exercised | |
| Amount enclosed at A\$0.05 per Option | |

Application Form on Exercise of Listed Options Expiring 31 July 2021

To the Directors, Krakatoa Resources Limited

I/We hereby exercise

option(s) and hand you herewith my/our cheque for

being A\$0.05 per share on application for

ordinary shares in the capital of the Company.

I/We request that you allot me that number of shares and I/we agree to accept that number of shares on the terms below and the Constitution of the Company, and I/we authorise you to place my/our name on the register.

My/Our SRN/HIN (as shown on my/our Issuer Sponsored holding statement or CHESSE holdings statement) is

Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

**Sole Director and
Sole Company Secretary**

Note: when signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.

Contact Name

Contact Telephone Number

Day/Date

Month

Year

**Refer to the Terms
and Conditions
Attached**

LODGEMENT INSTRUCTIONS

Cheques shall be in Australian currency made payable Krakatoa Resources Limited and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company at Level 11, London House, 216 St Georges Terrace, Perth WA 6000.

KTAOC

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Terms and Conditions of New Options

Each New Option will be granted on the following terms and conditions:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price and Expiry Date):** The Options will have an exercise price of \$0.05 (**Exercise Price**) and an expiry date of 5:00pm (WST) on 31 July 2021 (**Expiry Date**). Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) **(Exercise Period):** The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (d) **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (f) **(Quotation):** The Company will apply for official quotation on ASX of the Options.
- (g) **(Timing of issue of Shares on exercise):** After an Option is validly exercised, the Company must, within, 15 Business Days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Option:
 - (i) issue the Share; and
 - (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 Business Days after issuing the Share.
- (h) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.
- (i) **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date, all rights of the Option holder will be varied in accordance with the Listing Rules.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **(Change in exercise price):** The Company may change the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue) in accordance with Listing Rule 6.22.2A.
- (l) **(Adjustment for bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Option exercise price.
- (m) **(Transferability):** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.