



ABN: 39 155 231 575

Interim Financial Report
For the Half-Year Ended December 2022

KRAKATOA RESOURCES LIMITED
INTERIM FINANCIAL REPORT
For the Half-Year Ended 31 December 2022

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KRAKATOA RESOURCES LIMITED

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Colin Locke

NON-EXECUTIVE DIRECTORS

Timothy Hogan

David Palumbo

CHIEF EXECUTIVE OFFICER

Mark Major

COMPANY SECRETARY

David Palumbo

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STOCK EXCHANGE CODE

KTA

KRAKATOA RESOURCES LIMITED DIRECTORS' REPORT

Your directors submit the financial report of the Krakatoa Resources Limited and controlled entities (referred to hereafter as “the Group”) for the half-year ended 31 December 2022.

DIRECTORS

The names of Directors who held office during or since the end of the half-year are:

Colin Locke	Executive Chairman
Timothy Hogan	Non-Executive Director
David Palumbo	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period was mineral exploration and evaluation of acquisition opportunities.

RESULTS

The loss after tax for the half-year ended 31 December 2022 was 2,030,687 (2021: \$2,108,305).

REVIEW OF OPERATIONS

During the financial period, the Company continued its active systematic exploration over its WA assets. The company continued to drill exploration targets at the Mt Clere project, define resources at both King Kamba and the Tower project (Mt Clere area) and continue ground exploration around the Rand project (in southern NSW).

Details of the project specific exploration operations are provided below.

Mt Clere Project – Prospective for REE, HMS, Ni, Cu +/- Co, PGE

During the financial period the Mt Clere Project tenements were systematically explored for rare earth element, heavy mineral sands and nickel-copper metal sulphides. The company currently controls more than 2,300km² of prospective land separated over 13 tenements.

The project is located approximately 200km northwest of Meekatharra, within the Narrayer terrane, Gascoyne Region of Western Australia. The Narrayer Terrane is thought to represent reworked remnants of greenstone sequences that are prospective for intrusion-hosted Ni-Cu-(Co)-(PGE's) as well as alkaline intrusives (REE prospectivity).

In previous reporting periods the company had completed regional geochemical exploration programs which highlighted areas with anomalous rare earth elements, base metals and pathfinder elements associated with platinum group mineralisation systems.

This worked subsequently discovered the presence of significant REE mineralisation within the well-developed clay-rich regolith profiles over the Tower AOI. These zones were enriched in high value magnetic and critical rare earth elements. Following this a 100 hole (3,153m) resource development and step out air-core (AC) drill program with most of the holes intersected the expected bedrock of alkaline granitic and gneissic basement rocks, which are typical precursor rocks for this style of mineralisation.

During the financial period the company completed a major milestone through the delivery of its maiden Mineral Resources estimate at the Tower project. The impressive maiden resource estimate of 101Mt grading 849ppm total rare earth oxide (TREO) (Table 1 & Figure 1); plus, the development of a substantial Exploration Target of 57-481Mt grading 580-1050 ppm TREO (Refer to ASX announcement dated 21 November 2022).

KRAKATOA RESOURCES LIMITED
DIRECTORS' REPORT

Table 1. Tower project Mineral Resources estimate and Exploration Target.

Resource Classification JORC	Tonnes (Mt)	TREO (ppm)	TREO – CeO ₂ (ppm)	CREO (ppm)	HREO (ppm)	LREO (ppm)	U ₃ O ₈ (ppm)	ThO ₂ (ppm)
Indicated	40	824	481	233	182	642	1	31
Inferred	61	852	540	290	266	586	2	32
Total⁽¹⁾	101	840	517	267	233	607	2	32
Exploration Target ⁽²⁾	57 - 481	530 - 1050	320-625				1 – 4	10- 35

Notes:

- (1) Mineral Resources reported at a cut-off grade of 300 ppm TREO-CeO₂
- (2) Exploration target is reported as a range. The potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

The mineral resource estimation only includes clays and saprolite regolith types. Surface hardcap and basement saprock material was excluded as no processing alternatives have been tested for this material. The processing of the saprolite is understood and consistent other IAC and clay hosted deposits, especially those in southern China, Myanmar, and Africa.

In total the mineral resource estimation is based on 109 vertical air core holes over the central and south areas of the Tower project. In total 139 drill holes for 3,848m of drilling have been completed, with 30 drill holes at Tower West not included in the mineral resource estimation. The core area of the Tower prospect is covered by approximately 200m-spaced drill holes, which provides the Company with a high-level of confidence to move towards a higher Indicated status within that area. The area of drilling covered by the Mineral Resource estimate is 5.4km² (Tower central and south areas) which represents less than 20% of the current exploration target identified to be prospective for REE mineralisation.

The Exploration Target for the extended Tower area and the Tower west zones has been estimated using modelling of the recently completed Mineral Resource estimate work and the vertical reconnaissance air core (AC) drill holes assay results with the projection of the mineralisation extending over adjoining geologically prospective areas that have similar basement geology, regolith development, radiometric and spectral indices.

The parameters and assumption of the various input parameters are detailed in Table 2. The modelled target volume outside the area of the current drilling was scaled back to accommodate for any changes within the regolith mineral zonation, specifically the thickness of the mineralised zone. A reduction of thickness of up to a third (~6m) of that found in the drilled zones was used for the target estimation.

KRAKATOA RESOURCES LIMITED DIRECTORS' REPORT

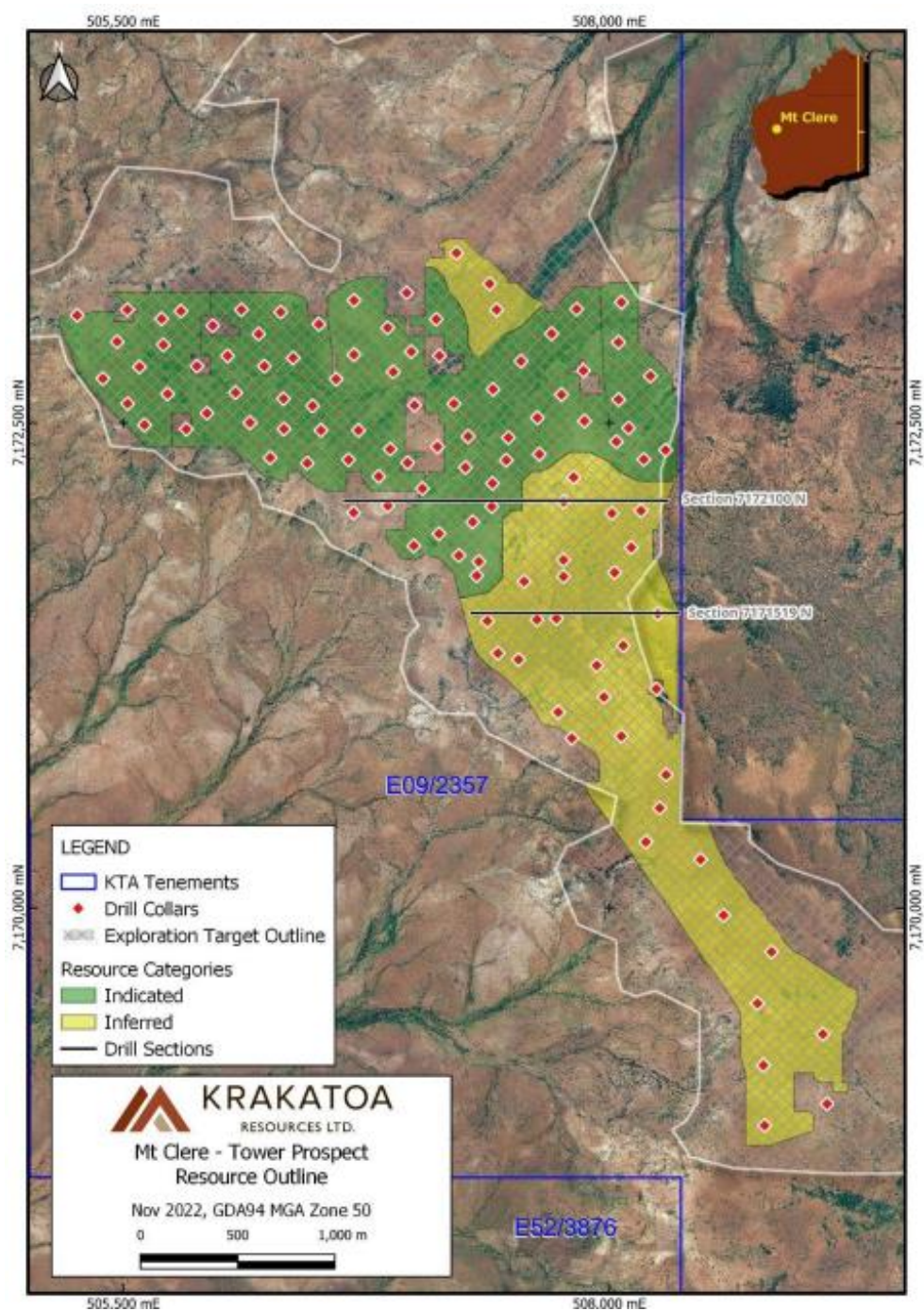


Figure 1: Tower Project JORC classification plan with drillhole

KRAKATOA RESOURCES LIMITED
DIRECTORS' REPORT

Table 2: Exploration Target parameters and assumptions

Parameter	Comments
Geological model	Based on drill hole regolith logging, assay results, geological mapping, radiometric and spectral imagery
Bulk Density	1.78 g/cm ³ – estimated based on known clay material characteristics and reflects same density as the Mineral resource estimate
Number of drill holes,	139 drill holes in total: 39 logged and assayed over the Tower West area, plus 100 holes drilled and assayed that make up the Mineral resource estimates over the Tower central and southern area; Clay hosted >500ppm TREO intersection identified with geological information
Cut-off grades	200ppm TREO, no other element cut offs were used
Target grade	>750ppm TREO
Mineralisation zonation factor – dilution factor	REO zone thickness in drilled areas were averaged and those REO zone thickness outside the drilled area is discounted by ~35-40% to account for variability in mineralisation zonation due to topographical and basement highs.

During the reporting period the Company also completed a 5 hole, 1,570m Reverse Circulation (RC) drilling over priority electromagnetic basement sulphide conductor targets at Mt Clere. The program targeted the highly prospective Milly Milly (“MM-1”) and North Bullbadger (“NBB”)(Figure 2) conductors, where exceptional readings of up to 10,000 plus.

Previously the Company had completed an extensive helicopter-borne Versatile Time Domain Electromagnetic (VTEMTM Max) geophysical survey system over a large proportion of the southern tenements. VTEM is an effective first-pass screening tool for detecting shallow conductive sources such as accumulations of sulphides. The company followed up the priority VTEM targets with ground based moving loop electromagnetic (MLEM) surveys. Processing and interpretation of the MLEM defined multiple walk-up drill targets with several of these drilled during the period.

The three holes drilled over Milly Milly target revealed significant intervals containing sulphide minerals hosted within both highly metamorphosed amphibolite and BIF, and also disseminated within the surrounding granitic material. Sulphide minerals identified include chalcopyrite (copper sulphide), pyrrhotite (iron sulphide) and pyrite (iron sulphide). Holes drilled over the North Bullbadger and North Bullbadger East targets also intersected sulphides. All the sulphides coincided well with the modelled EM plates, however the level of conductance is not yet explained over several target areas.

After the reporting period the Company submitted the drill samples to the laboratories for chemical analysis. Results of this work are not expected until first half of 2023.

KRAKATOA RESOURCES LIMITED DIRECTORS' REPORT

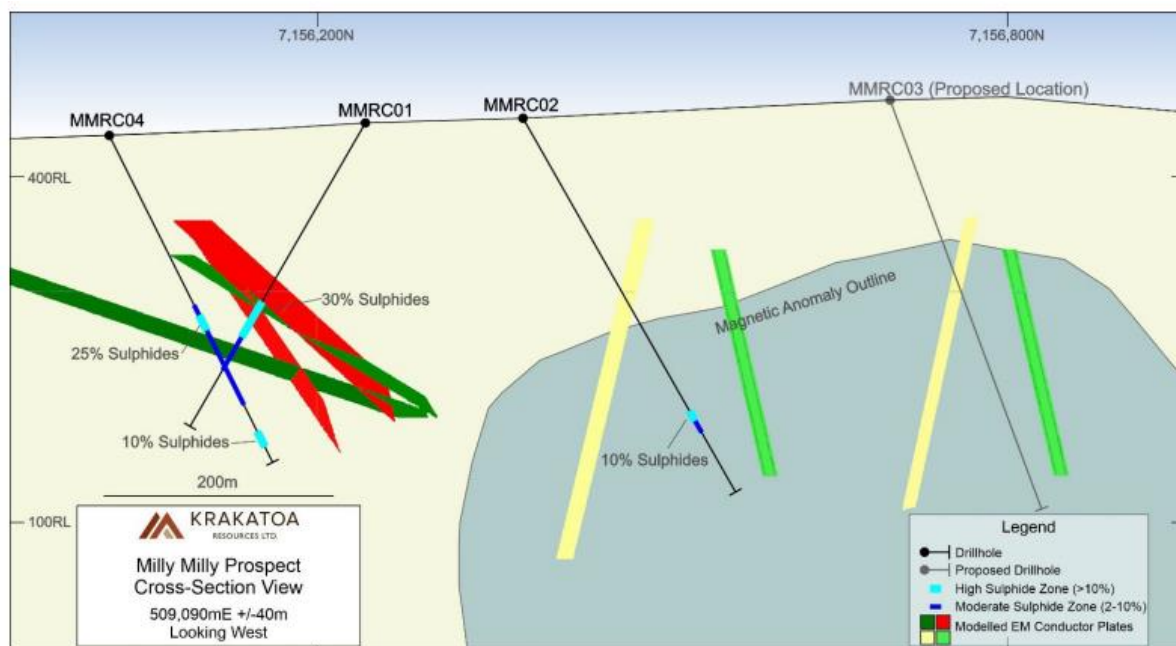


Figure 2 Section through Milly Milly looking west, showing sulphide zones and relation to modelled EM plates (partially off-section)

King Tamba Project – Prospective for Ta, Rb, Nb, Sn, W, Li, +/- Base metals

The King Tamba Project (formally known as Dalgaranga project) is located 80km northwest of Mount Magnet in Western Australia and lies within the Dalgaranga Greenstone Belt. The Dalgaranga Greenstone Belt is about 50km long and up to 20km wide and contains gold mineralisation (Dalgaranga gold mine), a zinc deposit (Lasoda), graphite deposits, and occurrences of tantalum, beryllium, tin, tungsten, lithium, and molybdenum related to LCT pegmatites.

The presence of critical metal minerals such as tapiolite, tantalite, columbite, zinnwaldite and lepidolite (lithium-bearing micas) were recognised during field mapping and confirmed anomalous critical metals during the rock chip sampling programmes completed in late 2016 to mid-2017.

Opportunistic rock sampling revealed the presence of anomalous rubidium (peak values of >5,000ppm (sample AD004) and 3463.9ppm Rb (sample 17D022)) Tantalum (1,854ppm Ta₂O₅ (sample 16D016), and Niobium (725ppm Nb in sample 16D005) within the mine and southern pegmatite area.

During the period the company drilled 32 reverse circulation holes as part of the development for a maiden JORC Mineral Resource estimate work (Figure 3).

KRAKATOA RESOURCES LIMITED DIRECTORS' REPORT

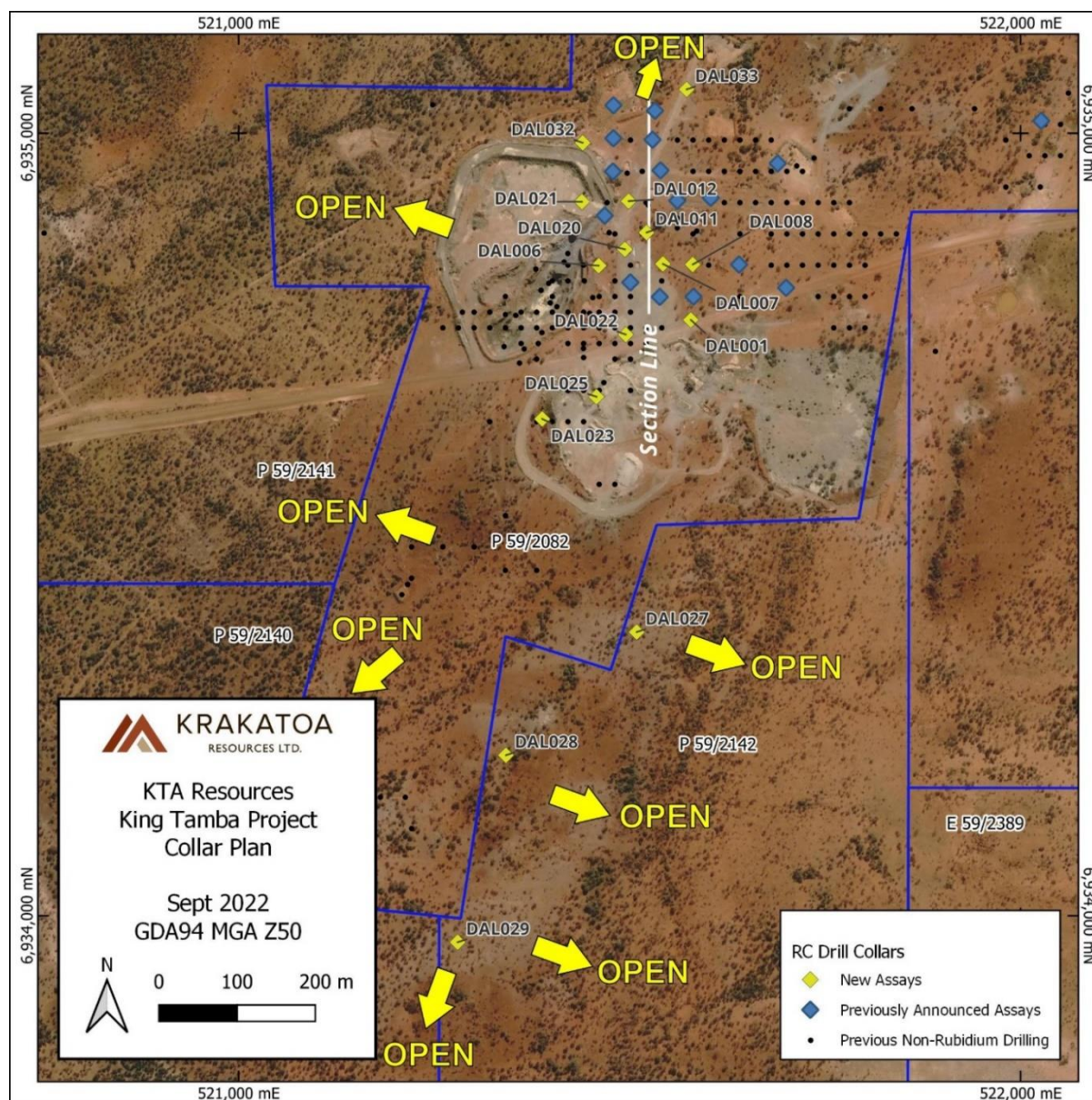


Figure 3: Location of Drill Holes over satellite image, showing cross section (Figure 4).

Multiple broad zones of rubidium mineralisation have been identified across the project area, including an exceptional intersection from drillhole DAL005 totalling 70m at 0.23% RbO₂ from 82m downhole. Rubidium was one of the primary elemental targets of the drilling with previous work having returned highly anomalous values over a large areal extent. The thickness of the intersections, combined with the continuity of mineralised units in our geological modelling is very promising (Figure 4).

Intersections of note include drillhole DAL029 which was the southernmost drillhole of this program, and indeed the most southerly hole drilled on the King Tamba project to date. DAL029 intersected seven mineralised pegmatite bodies with a cumulative 28m thickness over the 102m total length, including one which returned 3m at 0.45% RbO₂ from 66m downhole. Importantly, this intersection returned the highest individual rubidium result of the program with 1m from 67-68m downhole assaying at 0.7% RbO₂, 0.47% Li₂O, and 0.16% Cs₂O. These results were obtained from a narrow pegmatite body 3m wide but with markedly different chemistry from those around it.

KRAKATOA RESOURCES LIMITED DIRECTORS' REPORT

Another intersection of note, drillhole DAL008 returned a single metre at 0.42% Ta₂O₅ and 0.08% Nb₂O₅ within the differentiated quartz-rich core of a wider pegmatite unit. The elevated tantalum levels are notable for being an order of magnitude higher than any other sample from this drilling program. Previous mining activities at King Tamba were focussed on tantalite from the quartz-core of differentiated pegmatites and the company is alert to the possibility of discovering further tantalite lodes whilst exploring the project. This gels well with the drillhole DAL002, that returned a maximum 0.85% Li₂O, an average of 0.45% Li₂O between 62-68m (6m) Interval.

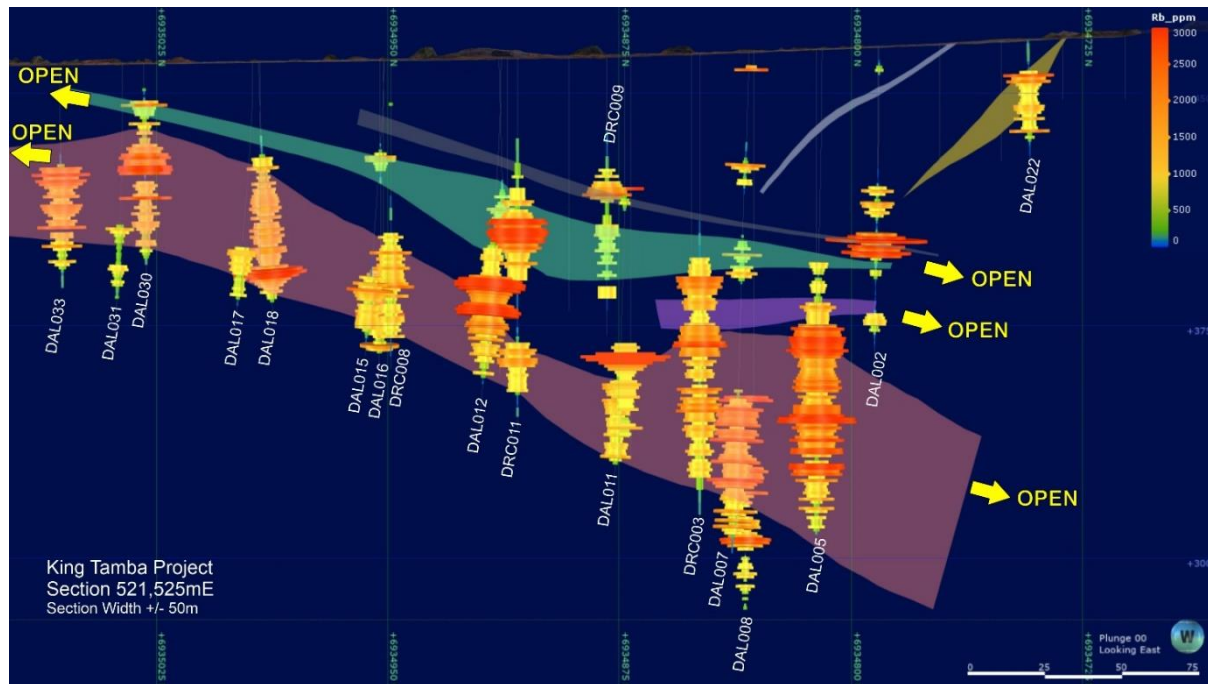


Figure 4 King Tamba downhole section (looking East) showing distribution of Rubidium within the modelled pegmatite wireframes

The Company has undertaken structural geology modelling and mineral deportment work at King Tamba and is now awaiting the results of the maiden mineral resource estimate (MRE). The Company believe the potential to discover further mineralised pegmatites here is clear, potentially including zones which are enriched in tantalum, lithium, and caesium.

The rise in demand and prices of the currently identified speciality metals has risen over the last few years, to level which may provide opportunities for the company to investigate potential for extraction. The expansion of Krakatoa's land holding has also brought the company closer to this ambition.

Rand Project- Prospective of IRGS (Au), granite hosted Sn and REE.

During the financial period, the Company further postponed the planned shallow air-core drilling from road verges across areas of known and interpreted REE enriched intrusives due to continued extremely wet ground conditions. This program is designed for testing the upper parts of the weathering profile for REE enrichment over prospective hosting basement.

The planned exploration rationale is to conduct shallow air-core drilling across areas of known and interpreted intrusives, testing the upper parts of the weathering profile for REE enrichment. This work should define what REE enrichment has occurred and to what extent.

The current ongoing gold exploration is targeting blind, intrusive-related (IRGS) and orogenic gold systems and mature gold systems near surface. Planning for drill exploration is being undertaken for a early 2023 program, after crop harvesting pending drill rig availability. The Company has an exploration grant from the NSW government, which will be used for part of this exploration work.

KRAKATOA RESOURCES LIMITED

DIRECTORS' REPORT

Competent Person's Statement

The Exploration Target and exploration information in this announcement is based on, and fairly represents information compiled by Mark Major, Krakatoa Resources CEO, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Krakatoa Resources. Mr Major has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Major consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The information in this report which relates to Mineral Resources for the Tower rare earth deposit is based upon and fairly represents information compiled by Mr Greg Jones who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Jones is a full-time employee of IHC Mining and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**KRAKATOA RESOURCES LIMITED
DIRECTORS' REPORT**

SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

This report is signed in accordance with a resolution of the Board of Directors, pursuant to section 306 (3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Colin Locke
Executive Chairman

Perth
Dated: 8 March 2023

KRAKATOA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Revenue		-	-
Administration expenses		(234,233)	(66,391)
Compliance and regulatory expenses		(113,514)	(121,834)
Employee benefits and consulting expense		(88,940)	(203,879)
Share based payments expense		(7,957)	(237,195)
Depreciation expense		(10,454)	-
Exploration expenditure and project evaluation costs	2	(1,575,589)	(1,479,006)
Loss before income tax expense		(2,030,687)	(2,108,305)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,030,687)	(2,108,305)
Other comprehensive loss		-	-
Total comprehensive loss for the half year		(2,030,687)	(2,108,305)
Total comprehensive loss for the half year is attributable to:			
Members of the parent entity		(2,030,687)	(2,108,305)
		(2,030,687)	(2,108,305)
Basic and diluted loss per share (cents per share)		(0.59)	(0.72)

The accompanying notes form part of this financial report

KRAKATOA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		1,999,173	4,220,925
Trade and other receivables		164,694	152,632
Other assets		113,909	69,597
TOTAL CURRENT ASSETS		<u>2,277,776</u>	<u>4,443,154</u>
NON CURRENT ASSETS			
Trade and other receivables		-	109,600
Property, plant, and equipment		193,845	151,723
TOTAL NON CURRENT ASSETS		<u>193,845</u>	<u>261,323</u>
TOTAL ASSETS		<u>2,471,621</u>	<u>4,704,477</u>
CURRENT LIABILITIES			
Trade and other payables		647,922	833,562
Provisions		20,366	44,852
TOTAL CURRENT LIABILITIES		<u>668,288</u>	<u>878,414</u>
TOTAL LIABILITIES		<u>668,288</u>	<u>878,414</u>
NET ASSETS		<u>1,803,333</u>	<u>3,826,063</u>
EQUITY			
Issued capital	3	21,968,622	21,968,622
Reserves	4	3,301,227	3,293,270
Accumulated losses		(23,466,516)	(21,435,829)
TOTAL EQUITY		<u>1,803,333</u>	<u>3,826,063</u>

The accompanying notes form part of this financial report

KRAKATOA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2022

	Issued Capital \$	Share based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	16,525,965	2,794,069	(17,117,313)	2,202,721
Loss for the period	-	-	(2,108,305)	(2,108,305)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,108,305)	(2,108,305)
<i>Transactions with owner directly recorded in equity:</i>				
Shares issued during the period	787,996	(5,751)	-	782,245
Options and Performance rights issued during the period	-	237,195	-	237,195
Less: Transaction costs arising from issue of shares	-	-	-	-
Balance at 31 December 2021	17,313,961	3,025,513	(19,225,618)	1,113,856
Balance at 1 July 2022	21,968,622	3,293,270	(21,435,829)	3,826,063
Loss for the period	-	-	(2,030,687)	(2,030,687)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,030,687)	(2,030,687)
<i>Transactions with owner directly recorded in equity:</i>				
Shares issued during the period	-	-	-	-
Options and Performance Rights issued during the period	-	7,957	-	7,957
Less: Transaction costs arising from issue of shares	-	-	-	-
Balance at 31 December 2022	21,968,622	3,301,227	(23,466,516)	1,803,333

The accompanying notes form part of this financial report

KRAKATOA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(493,514)	(464,013)
Exploration expenditure and project evaluation costs	(1,675,662)	(1,279,282)
Interest received	-	-
	<hr/>	<hr/>
Net cash used in operating activities	(2,169,176)	(1,743,295)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Plant and Equipment	(52,576)	(16,980)
	<hr/>	<hr/>
Net cash used in investing activities	(52,576)	(16,980)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	-	782,246
Payments for capital raising costs	-	-
	<hr/>	<hr/>
Net cash from financing activities	-	782,246
	<hr/>	<hr/>
Net decrease in cash held	(2,221,752)	(978,029)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	4,220,925	2,341,691
	<hr/>	<hr/>
Cash and cash equivalents at end of reporting period	1,999,173	1,363,662
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The accompanying notes form part of this financial report

KRAKATOA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Krakatoa Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year, except in relation to the matters disclosed below.

New and Revised Accounting Standards

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

KRAKATOA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022

2. EXPLORATION EXPENDITURE AND PROJECT EVALUATION COSTS

	31 December 2022	31 December 2021
	\$	\$
Exploration expenditure and project evaluation	1,575,589	1,479,006
	<u>1,575,589</u>	<u>1,479,006</u>

3. ISSUED CAPITAL

	31 December 2022	30 June 2022
	\$	\$
Issued and paid up capital		
Ordinary shares fully paid (344,709,917 Shares)	21,968,622	21,968,622
	<u>21,968,622</u>	<u>21,968,622</u>

No shares were issued during the half-year period.

4. RESERVES

(a) Share based payment reserve	<u>3,301,227</u>	<u>3,293,270</u>
(b) Movement in share based payment reserve	No.	\$
Balance at 1 July 2022	41,200,000	3,293,270
Share based payment expense for the period	-	7,957
Balance at 31 December 2022	<u>41,200,000</u>	<u>3,301,227</u>

5. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

KRAKATOA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2022

6. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the half-year ended 31 December 2022, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

The Group is domiciled in Australia. All revenue from external customers are only generated from Australia.

No revenues were derived from a single external customer.

7. EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

9. COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

KRAKATOA RESOURCES LIMITED
DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2022

In the opinion of the Directors of Krakatoa Resources Limited (the Group):

1. The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year then ended.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Colin Locke
Executive Chairman

Perth
Dated: 8 March 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF KRAKATOA RESOURCES LIMITED**

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Krakatoa Resources Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Krakatoa Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Krakatoa Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of Krakatoa Resources Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

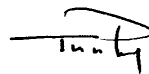
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 8 March 2023

RSM Australia Partners

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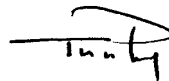
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Krakatoa Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 8 March 2023

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