



# KRAKATOA

RESOURCES LTD.

## QUARTERLY ACTIVITIES REPORT

March 2023



**ASX Code**  
KTA

**Capital Structure**

344,709,917 Fully Paid Shares  
21,200,000 Options @ 7.5c exp 29/11/23  
5,000,000 Options @15c exp 29/11/23  
15,000,000 Performance Rights at 20c, 30c and 40c.

**Directors**

Colin Locke  
David Palumbo  
Timothy Hogan

**[www.ktaresources.com](http://www.ktaresources.com)**

Lv 11, London House  
216 St. Georges Terrace,  
Perth WA, Australia 6000

## HIGHLIGHTS

### MT CLERE METALLURGICAL TEST WORK DELIVERS EXCELLENT RESULTS

- Highly encouraging metallurgical recoveries of up to 64% Nd and 61% Pr achieved
- Recoveries compared favourably to other globally significant clay hosted rare earth projects
- Studies identified opportunity for simple beneficiation processing to increase grade and recovery
- Further supplementary test work programs have commenced this quarter
- Metallurgical sample collection using diamond core methods is expected to commence mid-2023 to continue to help refine and improve the metallurgical process

### MT CLERE EXPLORATION UPDATE

- Primary focus on completing systematic exploration programs in 2023, to expand the current REE resource and make further discoveries
- Tower deposit boasts a Mineral Resource estimate (MRE) of 101MT @ 840ppm TREO, which is one of the largest Resources in Australia
- To date, Krakatoa has only explored 20% of the Mt Clere landholding
- Results from reconnaissance auger drilling program completed south of Tower deposit returned positive REE grades from surface, potentially expanding the reach of the Tower MRE
- Natural Gamma Survey results from an area immediately west of 'Tower West' provides a compelling drill target to expand the Tower MRE
- Historical data and exploration work completed identified and supports large scale potential for carbonatite hard rock REE bodies across the large Mt Clere landholding

### KING TAMBA MAIDEN MINERAL ESTIMATE DEFINED

- Maiden Mineral Resource estimate of 5Mt @ 0.14% Rb<sub>2</sub>O with a Li<sub>2</sub>O credit came in beyond expectations and larger than the Company's exploration target
- Rubidium oxide grade of 0.14% in line with peers
- Mineralisation starts from surface, is highlighted by thick zones and remains open in all directions
- Infill drill program planned to significantly expand the Mineral Resource estimate in size and scale and allow for collection of metallurgical samples
- Regional exploration activities to commence shortly, with a primary focus on investigating known pegmatite systems to the south of the current Mineral Resource
- Decision to advance into preliminary development and economic studies undertaken

### EXTENSIVE PEGMATITE TARGETS IDENTIFIED AT KING TAMBA

- Subsequent to quarter end, a remote sensing spectral review around King Tamba resource defined extensive LCT type pegmatite targets in the near-mine area
- Highest ranked targets correlate with previously mapped pegmatite outcrops
- Area around the historical pit was previously mined for Tantalum and Tin, increasing the confidence of further pegmatite swarm development within the area
- Wildcat hole drilled 800m south of the MRE intersected 0.7% Rb<sub>2</sub>O, 0.47% Li<sub>2</sub>O and 0.16% Cs<sub>2</sub>O (DAL029), supporting fertile pegmatites expansion upside

### SHALLOW REE DRILL PROGRAM COMPLETED AT RAND PROJECT

- Completion of a 27 hole, 1,318m air core drill program, focused on REE targets
- Drilling defined thick saprolite clays over vertical depths of 60+metres
- Results expected in the coming weeks

### COMPANY

- Cash on hand at end of the quarter is \$1.0M.



Krakatoa Resources Limited (**ASX: KTA**) ("Krakatoa" or the "Company") is pleased to provide the following summary of activities conducted over the March 2023 Quarter.

## **MT CLERE REE PROJECT**

### **Positive Metallurgical Results Delivered at Tower Deposit**

Following delivery of a maiden MRE of 101Mt @ 840ppm TREO at the Tower Deposit in November, Krakatoa delivered another significant milestone through the successful completion of a metallurgical test work program, which generated excellent metallurgical recoveries on key rare earth elements Neodymium (Nd) and Praseodymium (Pr).

Importantly, these initial recovery rates compare favourably with other globally significant clay hosted REE projects.

The metallurgical and mineralogy test work was completed by the Australian Nuclear Science and Technology Organisation (ANSTO) and results from the program will be used by Krakatoa to optimise the extraction process options and develop a viable processing and production pathway at Tower.

### **Mineralogical Analysis Overview**

A mineralogical study was conducted by the ANSTO research facility in Sydney on two selected samples using QEMSCAN (quantitative evaluation of minerals by scanning electron microscopy) techniques. The two samples selected had similar REE composition and grades but variable metallurgical extraction reports. These samples were selected after the initial diagnostic metallurgical test work was completed.

The QEMSCAN process included particle mineralogical analysis (PMA), mineral liberation and association analysis, chemical assay and comparison with chemical analysis data (using XRF-ICPMS) and manual SEM (scanning electron microscopic and X-ray microanalysis) and EDS (energy dispersive system) analysis.

The resulting analysis provided encouraging results which indicated that clay is dominated by smectites, with minor amounts of refractory minerals present. The small refractory mineral proportion is dominated by monazite, with the higher extractions aligned with the sample having less contained monazite. An additional REE-containing phase mineral, thought to be britholite, was also present in both samples. All the REE minerals and phases are typically less than 20 micron, which suggests simple beneficiation would provide an upgrade ore.

### **Metallurgical Test work Overview**

Metallurgical test work was completed on select 2021 drilled air core composite samples between the period of May to November 2022. The metallurgical testing was conducted in conjunction with the ANSTO research facility in Sydney, which has extensive experience in rare earth metallurgical testing on samples from many deposits worldwide, including China.

A broad and systematic diagnostic test work pathway was completed on these samples, with a focus on identifying the variability within the sampled area, gaining insight into possible initial development zones and to develop an initial understanding of the chemical properties of the clay hosted rare earth system.

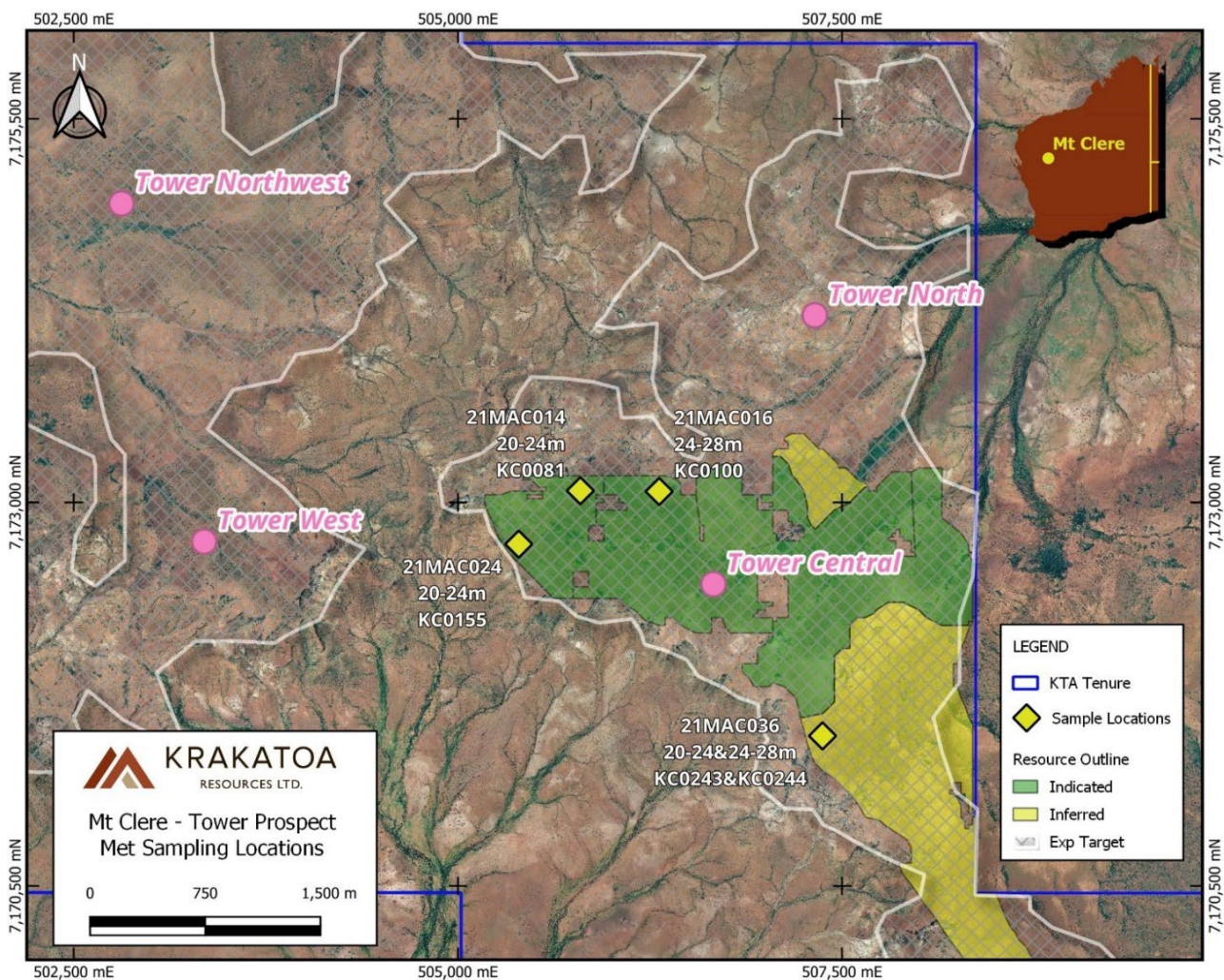
Metallurgical extractions of REEs from five lower to middle saprolite 4m composite samples with midrange rare earth head grades, underwent three selected rudimentary process pathways tests. The three tests were established based on pH variations of 1, 1.5 and 4 and were varied with time, lixiviant used (either modest acidic water or ammonium sulphate) and temperature.

The five composite samples represented the main mineralised saprolite over 4-hole locations, with head grades ranging from 441-846ppm TRE+Y (300-527ppm TRE-Ce) (see Table 1). Notably, the test work showed that extraction of the key magnetic (payable) REE's achieved up to 63% for Neodymium (Nd), 61% Praseodymium (Pr), 53% Terbium (Tb) and 44% Dysprosium (Dy).

These results were achieved using modest acidic water as the lixiviant at 50°C and pH 1 for a duration of 6 hours.

Previously reported weak acid Aqua Regia (WAR) leach (ASX Announcement 12 April 2022) test work confirmed the predicated maximum extraction recoveries are higher than the current testing regime. These extraction levels for Pr and Nd were over 90% for each of the five sample.

Location of the samples and associated drill holes are shown in Figure 1 with details shown in Table 2.



**Figure 1:** Drillhole plan showing location of the five diagnostic samples

## Current Work Programs

The Company has commenced the initial beneficiation testing and particle size distribution of the rare earth hosting clay to assist with optimisation of recoveries and overall metallurgical process.

Additional and extended metallurgical test work programs will be undertaken to expand on the area distribution to reflect all zones within the current Tower resource. Infill core drilling will also be undertaken to collect in-situ samples for further metallurgical and material classification works, while also assisting with increasing the level of resource classification.

**Table 1:** Composite samples head analysis

Element	Unit	KC0081	KC0100	KC0155	KC0243	KC0244
Al	wt%	6.8	8.1	7.7	6.7	5.5
Ba	ppm	416	640	753	260	673
Ca	wt%	1.35	2.46	1.75	0.75	0.93
Fe	wt%	6.87	7.53	6.96	4.55	4.54
K	wt%	0.84	1.36	1.33	0.41	1.09
Mg	wt%	1.24	1.61	1.11	0.78	2.09
Mn	wt%	0.06	0.12	0.06	0.03	0.06
Na	wt%	2.35	2.37	2.17	0.87	1.16
Sc	ppm	19	19	14	17	14
Si	wt%	29.7	26.9	28.9	32.8	32.7
Th	ppm	24	3	58	16	27
U	ppm	1	0.7	1	2	2
La	ppm	110	81	167	87	155
Ce	ppm	438	141	363	211	285
Pr	ppm	24	17	31	20	33
Nd	ppm	90	65	115	76	132
Sm	ppm	18	13	20	15	25
Eu	ppm	4	3	5	4	6
Gd	ppm	16	13	19	14	23
Tb	ppm	3	2	3	2	3
Dy	ppm	16	13	16	15	19
Ho	ppm	3	3	3	3	4
Er	ppm	10	7	9	9	12
Tm	ppm	1	1	1	1	2
Yb	ppm	9	6	7	9	12
Lu	ppm	1	1	1	1	2
Y	ppm	72	75	89	73	101
LRE <sup>1</sup>	ppm	661	304	675	394	604
HRE <sup>3</sup>	ppm	43	33	39	41	53
TRE+Y	ppm	814	441	846	542	812

Notes:

- (1) LRE = La, Ce, Pr, Nd
- (2) HRE = Tb, Dy, Ho, Er, Tm, Yb Lu

**Table 2:** Sample Hole details (Datum MGA Zone 50)

Sample ID	Hole ID	Easting	Northing	From	To
KC0081	21MAC014	505797	7173077	20	24
KC0100	21MAC016	506310	7173072	24	28
KC0155	21MAC024	505396	7172729	20	24
KC0243	21MAC036	507373	7171479	20	24
KC0244	21MAC036	507373	7171479	24	28

## Exploration Update

The Company is set to commence exploration at Mt Clere in the coming months, focused on infill and extensional drilling programs around the Tower deposit and regional exploration targeting advanced prospects with the primary objective to uncover new hard rock and clay hosted rare earth discoveries.

### 2023 Exploration Program

Krakatoa has developed a range of exploration initiatives across Mt Clere for the upcoming 2023 field season, with the objective to expand the Tower deposit through infill and extensional drilling programs and carry out regional exploration programs to replicate the Tower discovery success.

Exploration has been slightly delayed due to the recent cyclonic events and high rainfall received in the area. It is now set to commence in late May through regional reconnaissance, mapping, and geochemical field programs.

*Key workstreams at Tower include:*

- Further aircore (AC) drilling to expand the current clay hosted REE MRE.
- Diamond drilling program for further geochemical and geotechnical work, along with providing samples for the ongoing metallurgical test work
- Environmental baseline and Aboriginal heritage surveys at main Tower area, which will likely feed into a Scoping Study on the Tower deposit

*Regional programs across Mt Clere include:*

- Outcrop geological mapping and geochemical (rock and soil) sampling to generate new targets across under-explored region (80% of landholding yet to be explored)
- Targeted exploration fieldwork at Wheelo Creek, Number 6 bore, DEW area and a zone of elevated metal values in stream samples identified northeast of One Gum bore
- Petrological work will be completed to continue advancing geological knowledge of the area
- Geophysical and reconnaissance drill programs will be defined on further successful targeting and completion of fieldwork programs

### Tower Extensional Auger Drilling Program

Krakatoa completed a 37-hole, 294m reconnaissance auger drilling program at Tower in late 2022. The objective of the program was to gauge the thickness of the regolith profile across targeted areas to

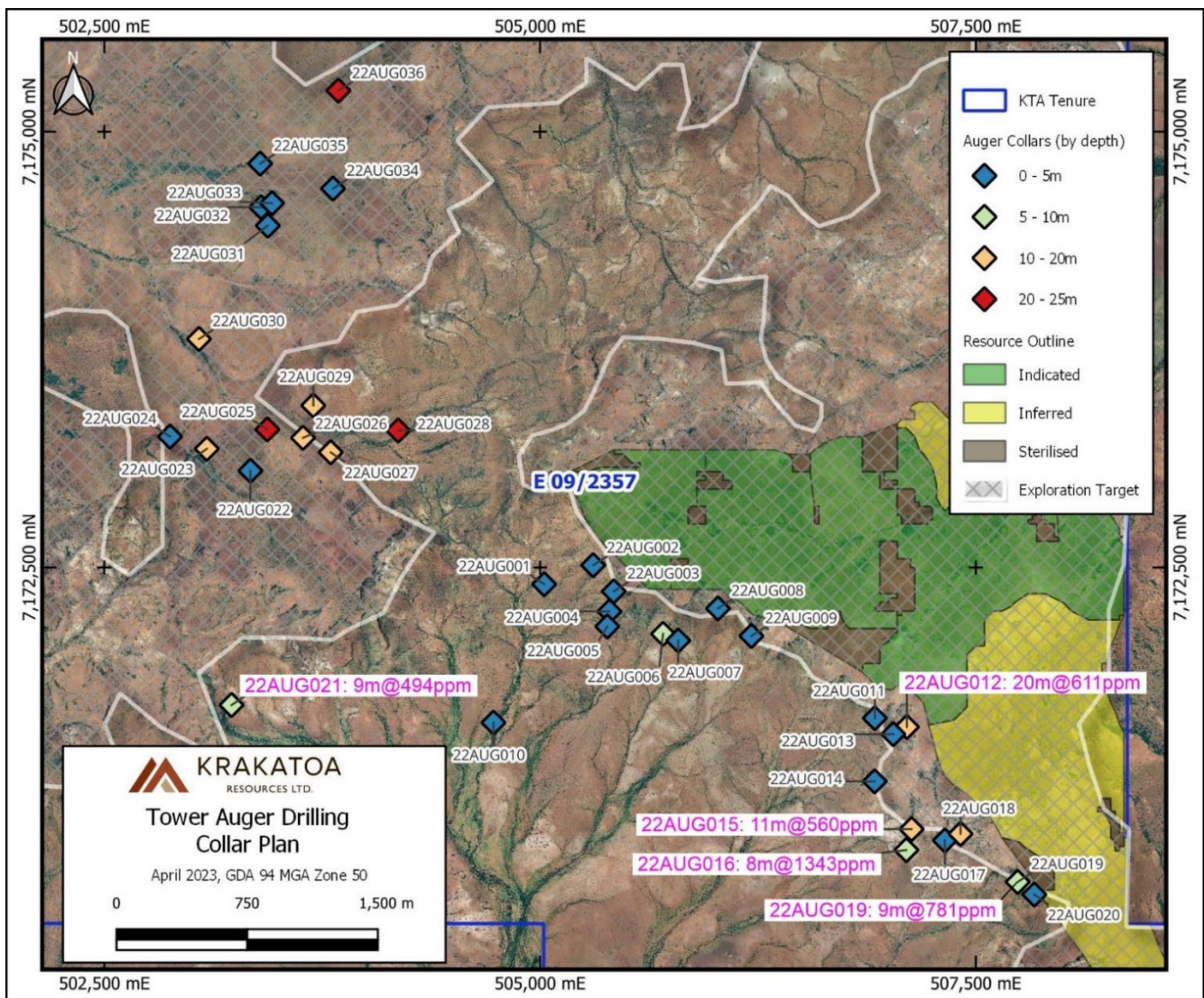


determine if any remnant Tower REE mineralisation continued into this terrain. In most cases the regolith profile is lacking with most of upper remnant regolith profile already eroded and transported.

However, the area to the south of the Tower MRE returned reasonable grades and thicknesses from a cluster of ten holes. A total of 100 auger samples were assayed for REE content resulting in a maximum value of 1699 ppm TREOCeO<sub>2</sub> over four metres (from surface) in auger hole 22AUG016. This was one of four samples which came back in excess of 500ppm TREO-CeO<sub>2</sub>. The results highlight a potential near term drilling target which may assist with future development as these zones feature mineralisation from surface. Significant intersections are shown in Table 3 and in Figure 2.

### Natural Gamma Scintillometer Survey and Electromagnetic Targeting

A section of the Tower MRE area was surveyed with a gamma-ray scintillometer as part of the Company's focus to determine the relationship with thorium and the concentration of REE within the regolith and/or basement. In addition to this work, early time airborne electromagnetic survey (AEM) data was obtained from a survey flown in late 2021.



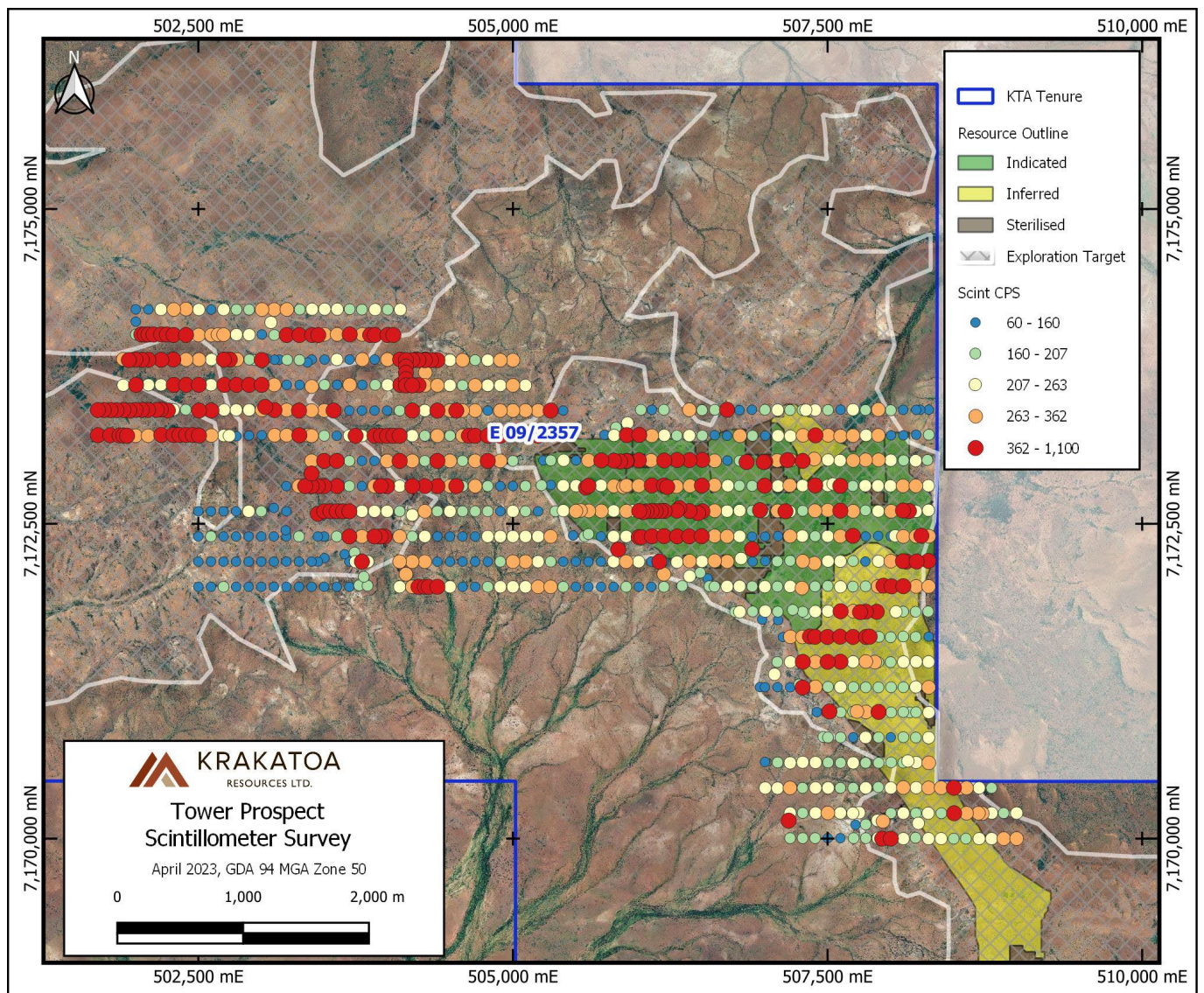
**Figure 2:** Location of Auger Drill Holes over satellite image with Tower MRE location for reference



This data was processed and reviewed to help with identification of other prospective extensive clay locations. It was noted that areas of elevated scintillometer count showed a reasonable correlation with mineralised areas within the Tower MRE boundary. Further to this, a zone of consistent high scintillometer counts was also surveyed to the immediate west of the 'Tower West' prospect in an area with no previous drilling (Figure 3). The Company considers this to be a valid exploration target for expansion of the Tower MRE and intends to carry out further work programs during the 2023 field season.

The AEM data interpretation assisted in identifying and delineating the distribution, depth and thickness of clay rich zones, which are ideal hosts to REE mineralisation through modelling of the observed IP effect. Correlation of this IP effect with known mineralised zones from past drilling at Tower has proven to be effective and has potential to be a rapid and cost-effective targeting tool across the tenement package. This cutting-edge modelling is being exclusively carried out by the Company and their consultants.

Highly prospective zones targeting additional clay-hosted REE will be ground-truthed and likely be drill tested during the 2023 field season.



**Figure 3:** Scintillometer survey over Tower area showing areas of elevated natural gamma which are likely to correlate with increased monazite and REE content



**Table 3: Significant Intersections (>300ppm TREO) from Auger Drilling**

Hole ID	Depth From (m)	Depth To (m)	Width (m)	TREO (ppm)	TREO – CeO <sub>2</sub> (ppm)
22AUG012	0	20	20	611	345
22AUG016	0	8	8	1343	1098
22AUG019	0	9	9	781	437
22AUG015	7	18	11	560	320
22AUG021	0	9	9	494	267
22AUG017	0	4	4	800	458
22AUG018	4	11	7	399	216
22AUG013	0	5	5	414	243
22AUG007	0	3	3	644	390
22AUG020	0	2	2	938	664
22AUG009	0	1	1	1027	449
22AUG010	0	2	2	463	257
22AUG001	0	1	1	899	467
22AUG028	19	21	2	361	188
22AUG014	1	3	2	340	198
22AUG008	0	1	1	514	191
22AUG002	0	1	1	362	267
22AUG011	2	3	1	309	189

## KING TAMBA PROJECT

### Maiden Rare Earth Mineral Resource Delivered at King Tamba

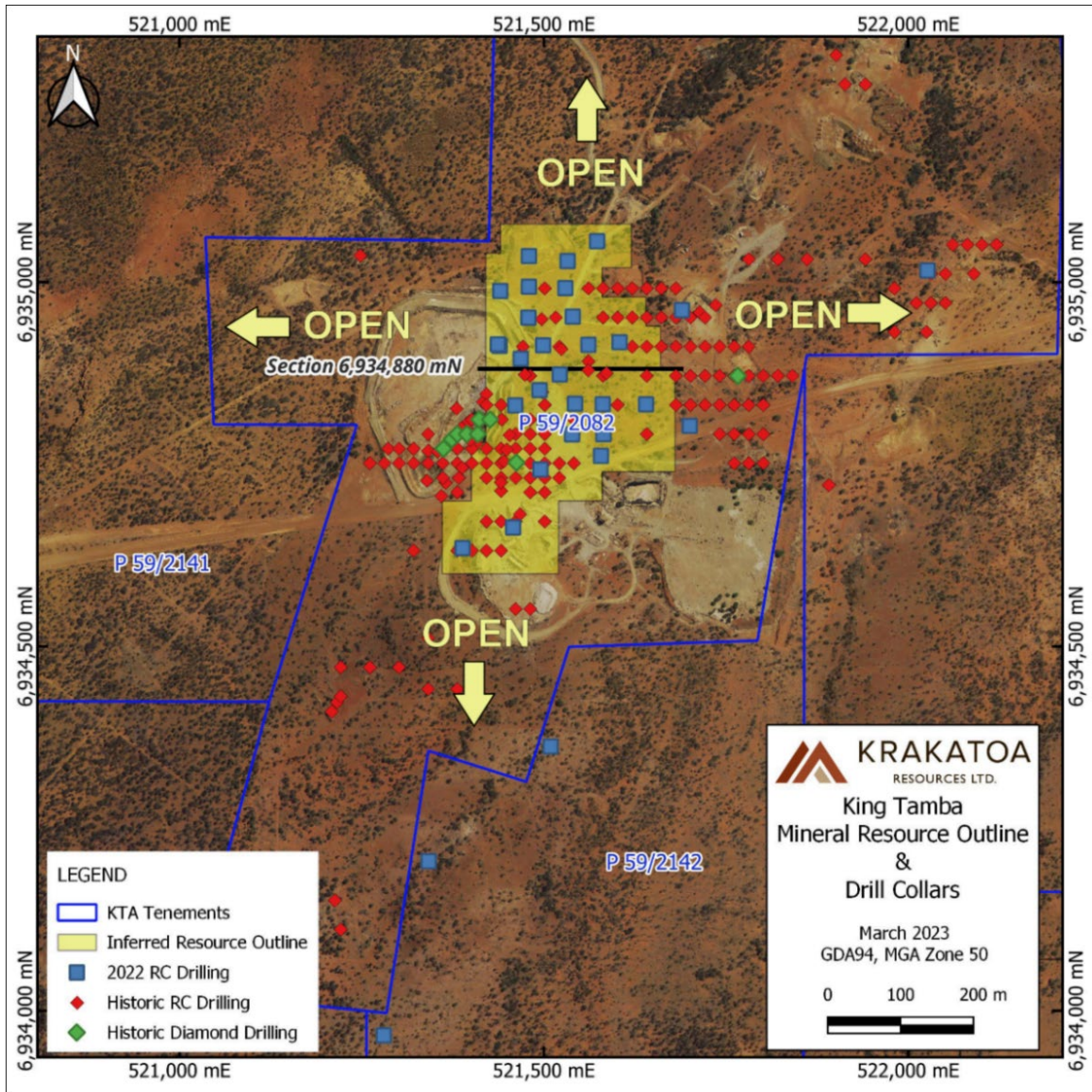
Krakatoa delivered a sizeable maiden Mineral Resource estimate (MRE) of 5Mt @ 0.14% Rb<sub>2</sub>O with a Li<sub>2</sub>O credit at King Tamba. The size of the maiden MRE came in beyond expectations and exceeded the Company's exploration target. Near surface mineralisation was highlighted by thick zones of mineralised pegmatites up to 70m in thickness and mineralisation remains open in all directions, which provides Krakatoa with a significant opportunity for future expansion of the MRE.

**Table 4: King Tamba Mineral Resource Estimate**

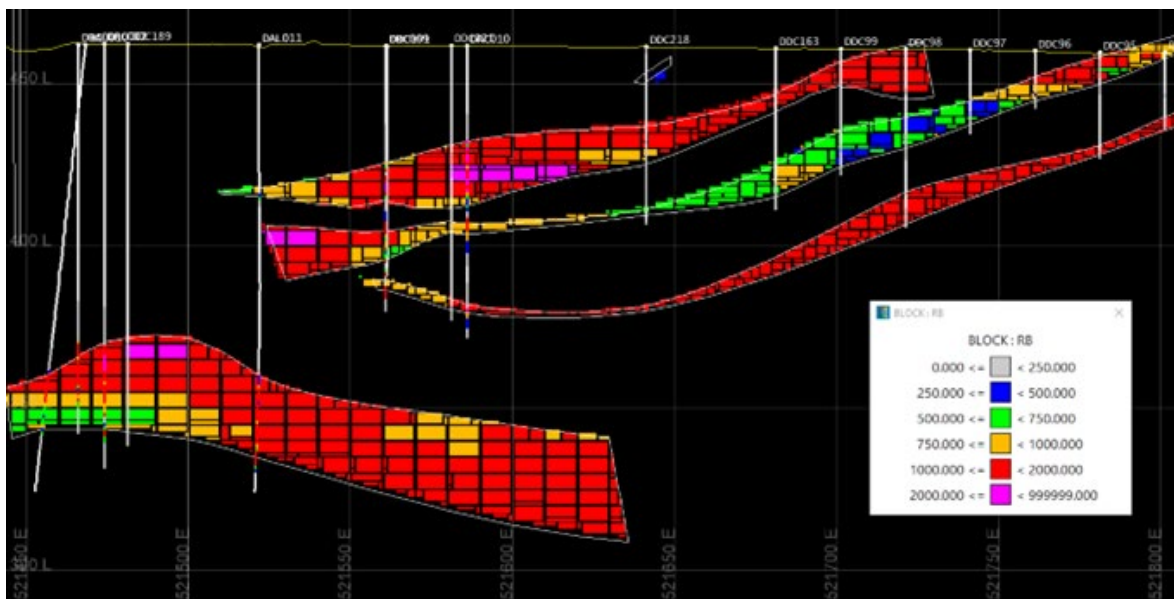
Resource Classification	Cut-off	Tonnes	Rb <sub>2</sub> O	Li <sub>2</sub> O	Contained Rb <sub>2</sub> O	Contained Li <sub>2</sub> O
JORC	(Rb <sub>2</sub> O %)	(Mt)	(%)	(%)	(t)	(t)
Inferred	0.05	5.0	0.14	0.05	7300	2700
<b>Total</b>	<b>0.05</b>	<b>5.0</b>	<b>0.14</b>	<b>0.05</b>	<b>7300</b>	<b>2700</b>

Historic drillholes (Figure 4) were originally drilled to target only tantalum and niobium mineralisation and were not assayed for rubidium. Krakatoa planned to extend the resource classification to a wider area by incorporating these historical drillholes which did not assay for rubidium and other elements, through development of a correlation co-efficient with known data such as tantalum and niobium content. Unfortunately, this was not possible as the correlation between elements was not sufficiently high enough to allow extrapolation and due to this, inclusion of these previously drilled areas into the MRE will require additional drilling and twinning of existing drillholes in this area. Importantly, this provided a near-term opportunity for the Company to rapidly grow the current MRE and increase the tonnage of rubidium within the broader resource.

Figure 5 is a representative section through the centre of the MRE. In total there were ten pegmatite domains modelled, with the lower pegmatite (P6) accounting for almost 50% of the total volume. P6 was only defined by the drill program completed in June 2022 and remained underexplored, with scope for further drilling to significantly expand the domain in volume and increase the MRE, particularly where it shallows towards the NNE.



**Figure 4:** King Tamba classification plan with drillholes and cross section location



**Figure 5:** Section 6,934,880mN showing block model Rubidium grade distribution

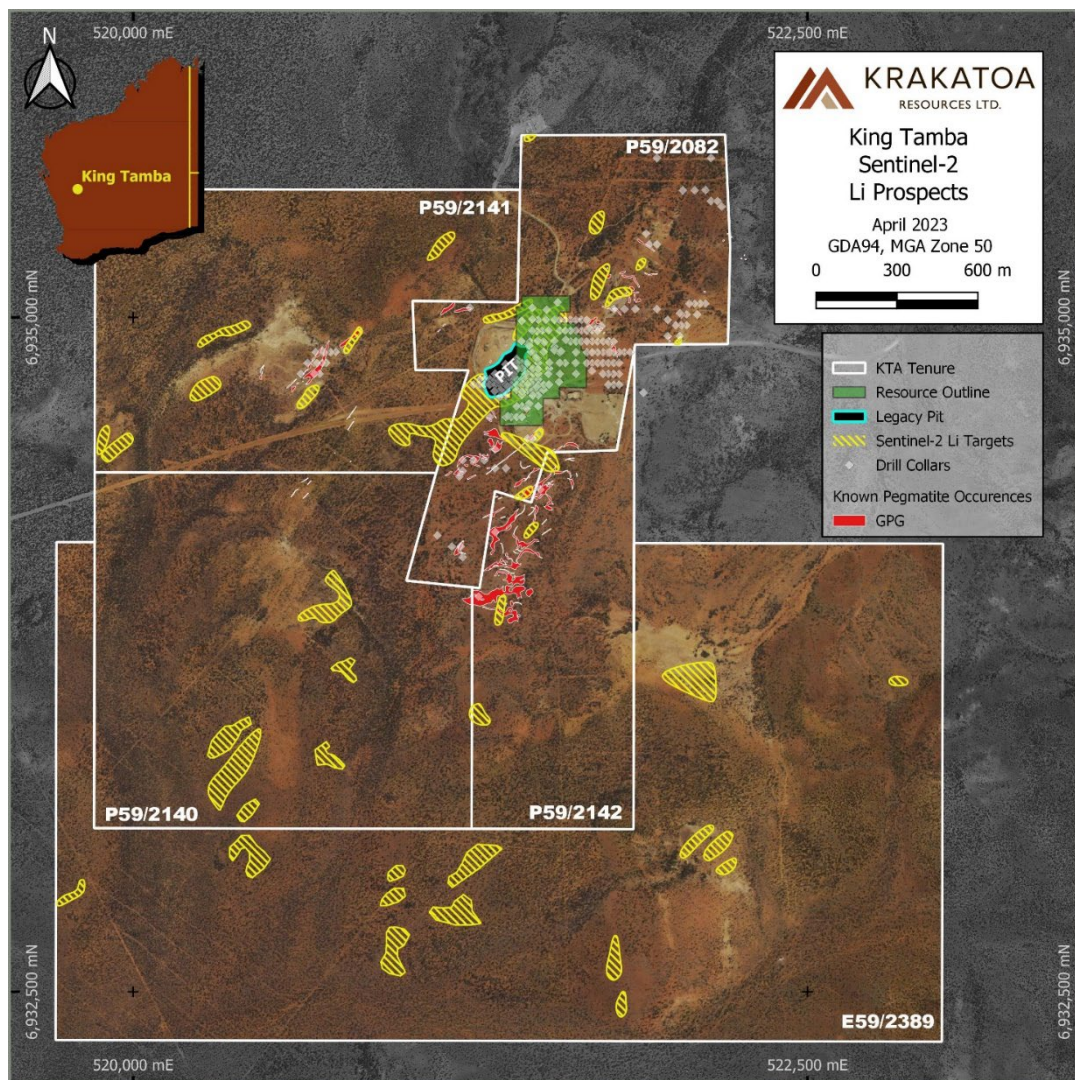


## Exploration Update

Subsequent to quarter end, Krakatoa completed a remote sensing study which highlights the lithium-Caesium-tantalum (LCT) pegmatite potential of King Tamba.

Prior to the Company’s acquisition of King Tamba, historical exploration focused on tantalum with minimal exploration completed outside the main mining area. Having undertaken the remote sensing study, Krakatoa identified areas highly prospective for near surface pegmatites providing a strong platform for future geochemical and mapping exploration.

Krakatoa commissioned DiRT Exploration Services to perform a first pass study of Sentinel-2 remote sensing data over King Tamba with respect to lithium prospectivity indicators. The study considered spectral mineralogy and addition of gas emissions of H<sub>2</sub>, He, and CH<sub>4</sub> with consideration of their possible geological sources. A combined targeting index was then determined by compositing the spectral responses of known lithium occurrences in the region and comparing to the responses in the King Tamba area. The study identified multiple targets with potential to host LCT mineralisation (Figure 6 and 7). The highest ranked of these targets are zones which correlate with known mapped pegmatite outcrops that were identified during historic tantalum prospecting. Many other target zones lie over areas which have not previously been subject to mapping, sampling, or drilling (Figure 6).

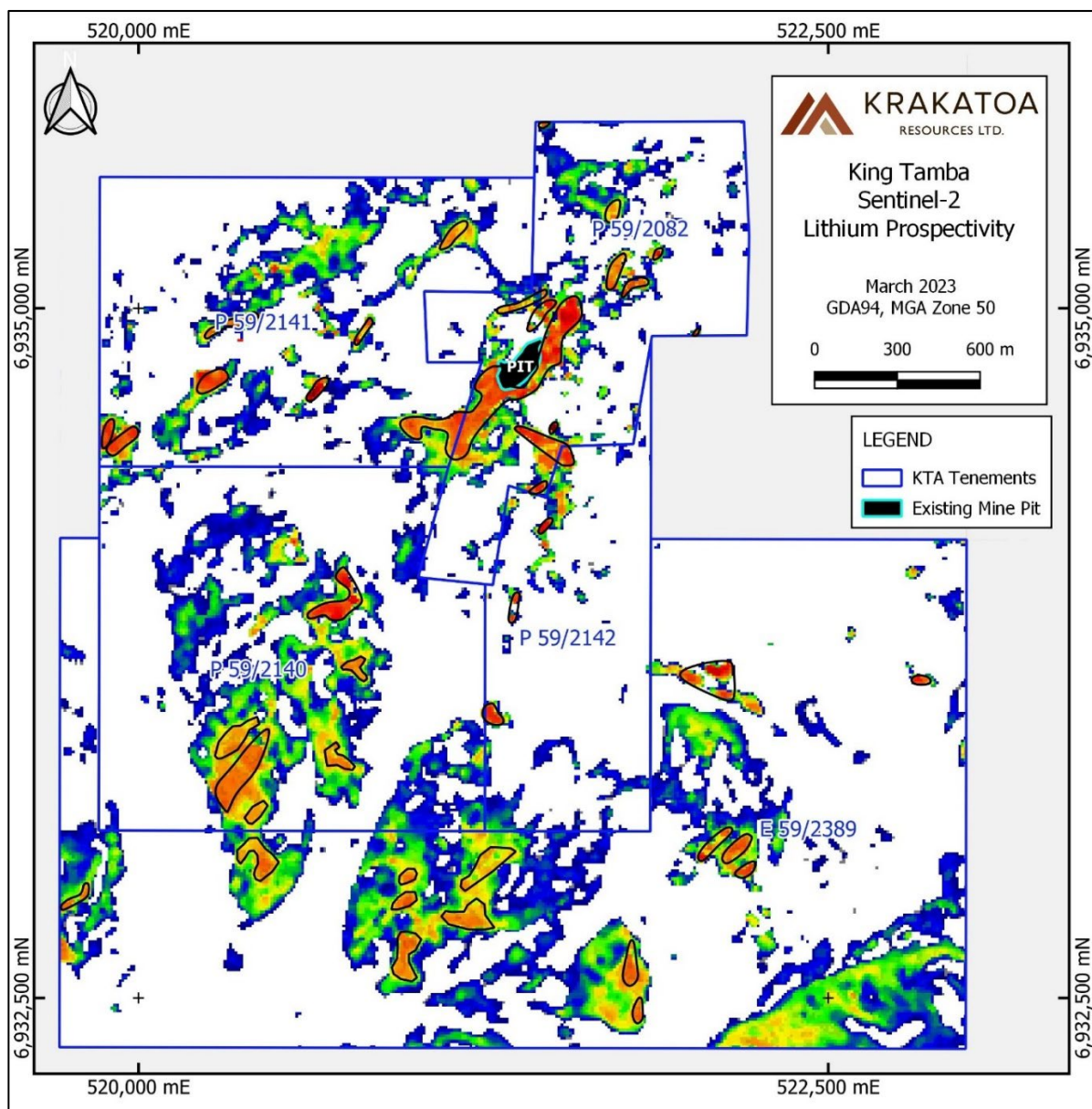


**Figure 6:** Sentinel-2 Lithium pegmatite targets showing current Mineral Resource area and historical pit

Sentinel-2 and other comparable remote sensing systems have been used to great effect for target generation in mineral exploration, with many discoveries at least partly credited to their input. Recent examples include Palabora mine (South Africa) and Quellaveco mine (Peru) where Sentinel-2 data helped identify a new copper deposit.

The Sentinel-2 spectral targets were developed at a desktop level and as such will be further refined with field reconnaissance mapping where outcrop is present. Krakatoa has already confirmed a pegmatite hosted rubidium MRE and combined with the historical mining of pegmatite for tantalum and tin, provides a strong platform for future exploration success.

Field testing of these targets will be carried out as a priority in the upcoming field season which is expected to commence this month.



**Figure 7:** Isometric Sentinel-2 response map over King Tamba area

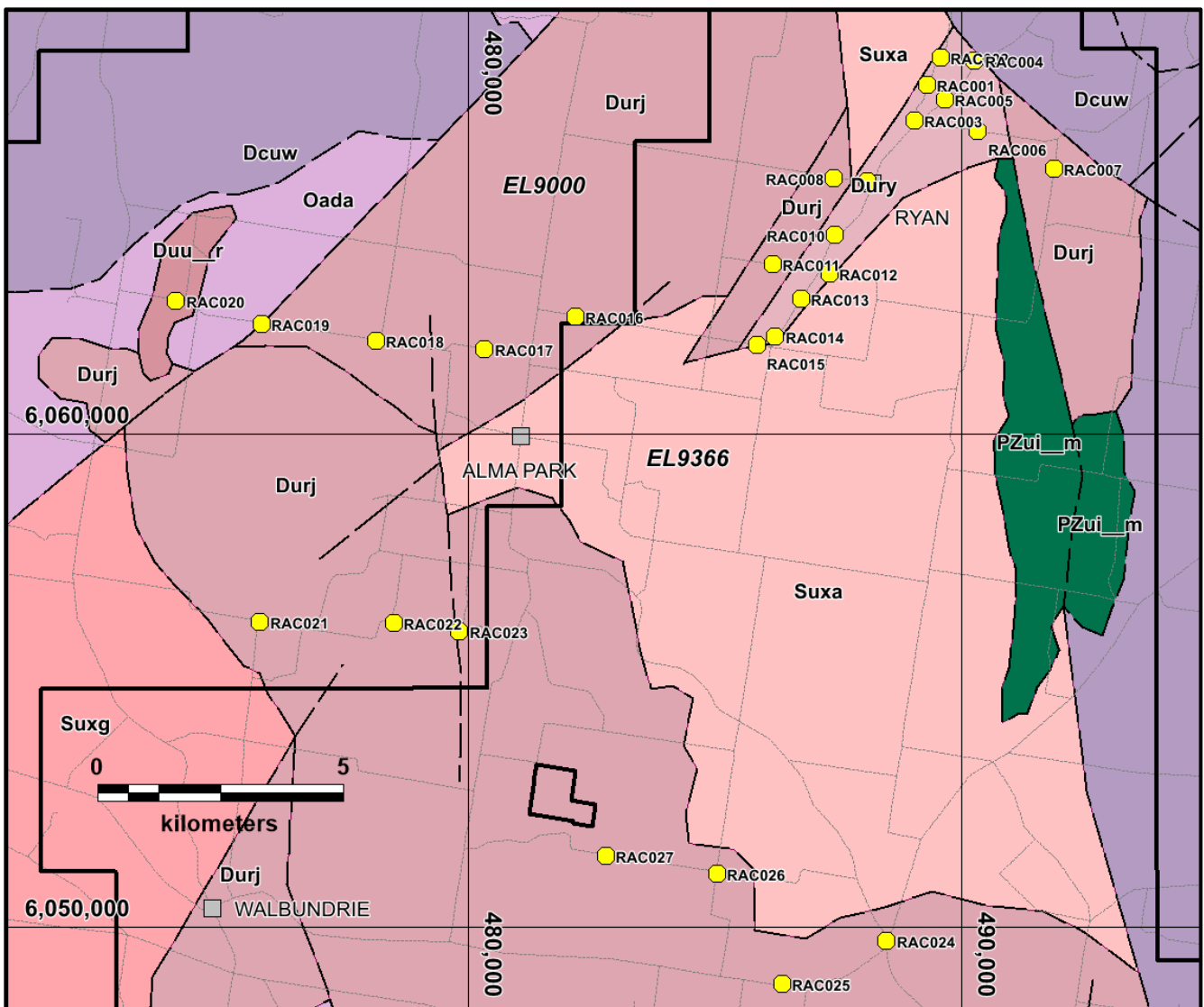


## RAND IRGS & REE PROJECT

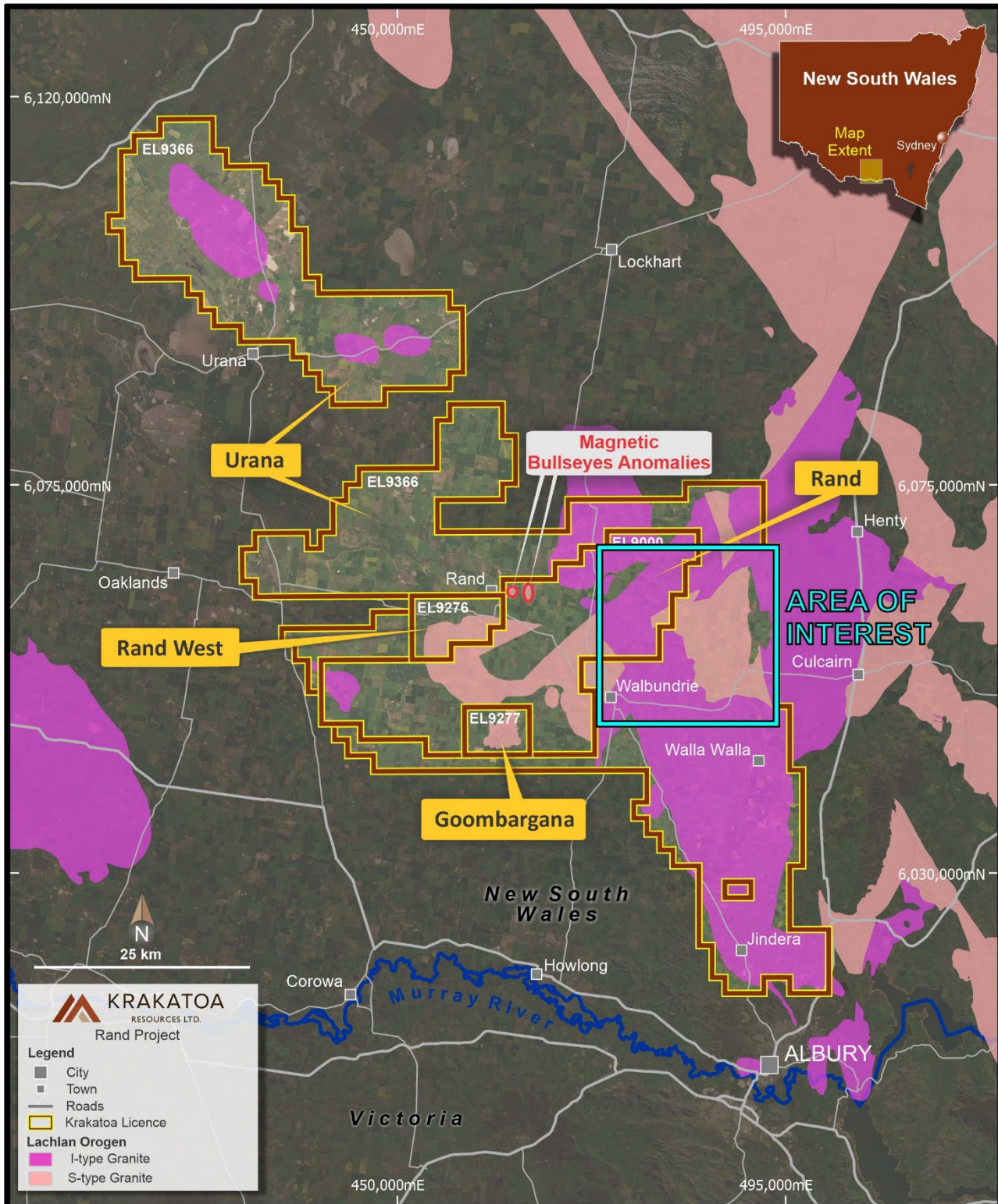
### Shallow REE Drill Program Completed

Krakatoa completed a 27 hole, 1318m Air Core (AC) drill program, focused on REE targets including the highly prospective REE-enriched Ryan and Jindera Granites.

The AC program was drilled on roadside easements during February 2023. Eight holes were collared within EL9000 “Rand” and the remainder on EL9366 “Urana” (Figures 8 and 9). A total of 27 vertical, 89mm diameter holes (RAC001 to 027 inclusive) for 1318.7 metres were completed. Twelve (12) holes tested the Ryan Granite (“Dury”) at ~1km centres along 7.5 km of (NE-SW) strike, a further 12 holes tested the northern Jindera Granite (“Durj”) as wide-spaced E-W fences with 1.5 to 2.5km spacings and RAC020 tested an unassigned Devonian rhyolite dyke (“Duu\_r”; Figure 8).



**Figure 8:** Completed AC drillholes over bedrock geology. Tenure outlines (black), roads (grey) and localities are shown for reference. Map grid is MGA94 z 55. (Durj = Jindera Granite, Dury = Ryan Granite, Duu\_r = unassigned rhyolite dyke)



**Figure 9:** Rand Project showing tenements, current area of drilling and Siluro-Devonian granites (as determined by NSW geological survey)

The final two holes targeted Durj intersected Abercrombie Fm (“Oada”). Hole depths ranged from 3 to 72 metres, with a median depth of 54 metres. Most holes were terminated at the top of saprock (Figure 10), unless terminated sooner due to bad drilling conditions.

The holes intersected various Fe-oxide- (goethitic and hematitic) bearing zones (interpreted as mottled zones and ferruginous saprolites), in addition to clean clays (interpreted as the pallid (or upper) saprolite). Examples of the regolith drilled are presented as Figure 10.





**Figure 10:** AC chips from RAC010 (66m TD), Ryan Granite (left); and (b) RAC018 (72m TD), Jindera Granite (right) showing red hematitic clays, yellow-orange goethitic material and white clays (pallid zones)

Almost 400 composited samples are being prepped by ALS Global for a lithium borate, multielement suite analysis. Assay results are currently being interpreted and will be reported within weeks.

### **TURON GOLD PROJECT**

In late March a site visit to undertake mapping and rock chip sampling of the southern area of the Turon project was undertaken. The area of the field visit features extensive areas of alluvial gold workings including the historic Mount Rosette gold and Jew’s Creek copper prospects. Field work was curtailed due to inclement weather. Seventeen (17) rock-chip samples were collected and are undergoing analyses by ALS Global for gold and multi-elements. Results will be reported once available and interpreted.

### **BELGRAVIA CU-AU PORPHYRY PROJECT**

No work was conducted on the Project during the last Quarter.

### **MAC WELL GOLD PROJECT**

No work was conducted on the Project during the last Quarter. The Company may look for a partner to explore this project in due course.

### **CORPORATE**

Cash on hand as the end of the quarter was \$1.0M at Quarter end.

#### **Exploration**

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$819k. Exploration during the Quarter largely comprised of air-core (AC) drilling, mineral resource estimation, metallurgical test work, target generation and preparation for future exploration and drilling programs - full details of activity during the Quarter are set out above.

ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

Tenements held by the company, at the end of the quarter are presented in Appendix 1.

### **Related Party Payments**

Pursuant to item 6 in the Company's Appendix 5B – Quarterly Cashflow Report for the Quarter ended 31 March 2023, the Company made payments of \$72k to related parties which relate to existing remuneration arrangements (director fees and superannuation).

Authorised for release by the Board.

Yours faithfully,



Colin Locke  
Executive Chairman

### **Disclaimer**

*Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.*

### **Competent Person's Statement**

*The 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". The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (ASX announcement dated 21 November 2022) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 21 November 2022) continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 21 November 2022).*



*The information in this report that relates to Mineral Resources for King Tamba is based on information compiled by Mr Daniel Saunders, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Saunders is a full-time employee of Cube Consulting Pty Ltd, acting as independent consultants to Krakatoa Resources Limited. Mr Saunders has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken 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'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (ASX announcement dated 9 March 2023) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 9 March 2023) continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 9 March 2023).*

### **ASX Announcement (Price Sensitive) released during the Quarter**

<b>Date</b>	<b>Headline</b>
<b>23-Jan-23</b>	Positive Metallurgy at Tower REE Project
<b>31-Jan-23</b>	Quarterly Activities & Appendix 5B Cash Flow Report
<b>9-Mar-23</b>	Impressive Maiden Mineral Resource Delivered at King Tamba
<b>15-Mar-23</b>	Shallow REE Drill Program Completed at Rand Project
<b>29-Mar-23</b>	Mt Clere Exploration Update

**Appendix 1 - Details of Tenements Held at 31 March 2023**

<b>Project</b>	<b>Tenement Licence</b>	<b>Interest held at at 31 December 2022</b>	<b>Interest acquired/ disposed</b>	<b>Interest held at 31 March 2023</b>
Belgravia	EL8153	100%	-	100%
Turon	EL8942	100%	-	100%
Rand	EL9000	100%	-	100%
Rand	EL9276	100%	-	100%
Rand	EL9277	100%	-	100%
Rand	EL9366	100%	-	100%
Mt Clere	E09/2357	100%	-	100%
Mt Clere	E52/3730	100%	-	100%
Mt Clere	E52/3731	100%	-	100%
Mt Clere	E52/3836	100%	-	100%
Mt Clere	E52/3873	100%	-	100%
Mt Clere	E52/3876	100%	-	100%
Mt Clere	E52/3877	100%	-	100%
Mt Clere	E51/1994	100%	-	100%
Mt Clere	E52/3938	100%	-	100%
Mt Clere	E52/3962	100%	-	100%
Mt Clere	E52/3972	100%	-	100%
Mac Well	E59/2175	100%	-	100%
King Tamba	P59/2082	100%	-	100%
King Tamba	P59/2140	100%	-	100%
King Tamba	P59/2141	100%	-	100%
King Tamba	P59/2142	100%	-	100%
King Tamba	E59/2389	100%	-	100%
King Tamba	E59/2503	+	-	+



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KRAKATOA RESOURCES LIMITED

ABN

39 155 231 575

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(819)	(2,496)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(156)	(649)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(975)</b>	<b>(3,145)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(21)	(73)
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(21)</b>	<b>(73)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,999	4,221
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(975)	(3,145)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,003</b>	<b>1,003</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,003	1,999
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,003</b>	<b>1,999</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	72
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(975)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(975)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,003
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,003
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.03
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes – the Company plans to continue its exploration activities focussed on Mt Clere and King Tamba.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes – as announced on 20 April 2023, the Company completed a \$560,000 Placement cornerstoned by the Company's two current substantial shareholders and anticipates this will be followed by a further capital raising currently anticipated to take the form of an Entitlement Offer.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, for the reason noted in 8.8.2 above.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **26 April 2023**

Authorised by: **By the Board**  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.