



10 July 2023

\$3.78m Placement and Launch of Entitlement Offer

- **Firm commitments received to raise \$3.78 million (before costs) through the issue of 105 million shares at an issue price of \$0.036 per share (“Placement”)**
- **Non-renounceable entitlement offer to eligible shareholders to raise up to \$1.01 million to be undertaken on same terms as Placement**
- **Funds raised will be used towards exploration on the Company's King Tamba Lithium Project with drilling of the newly discovered Wilson Prospect to commence imminently**

Krakatoa Resources Limited (ASX: KTA; **Krakatoa** or the **Company**) is pleased to announce it has received firm commitments to raise \$3,780,000 (before costs) via a placement (**Placement**) of 105,000,000 fully paid ordinary shares at \$0.036 per share (**Placement Shares**).

The Company will issue 63,000,000 Placement Shares (**Tranche One**) utilising its placement capacity under ASX Listing Rule 7.1 (28,529,009) and ASX Listing Rule 7.1A (34,470,991) and 42,000,000 Placement shares (**Tranche Two**) will be subject to shareholder approval. The Company is scheduled to settle Tranche One on or about Tuesday, 18 July 2023, whilst Tranche Two will be subject to shareholder approval at a general meeting to be held in mid-August 2023.

CPS Capital Group Pty Ltd (CPS Capital) acted as Lead Manager to the Placement. CPS Capital will receive a fee of up to 6% of the funds raised under the Placement and, subject to shareholder approval, 10,000,000 unquoted options exercisable at \$0.075 on or before 29 November 2023.

The Company today has also launched a 1 for 13 non-renounceable entitlement offer to raise approximately \$1.01 million (before costs) via the issue of ~27.95m new shares (**New Shares**) at the same price as the Placement (**Entitlement Offer**). Placement participants will not be eligible to participate in the Entitlement Offer in respect of their Placement Shares. The issue price for the Placement and Entitlement Offer represents a discount of:

- 12.2% discount to the last close (\$0.041); and
- 22.2% discount to the 15-day VWAP (\$0.046).

The funds raised from the Placement and Entitlement Offer (together, the **Capital Raising**) will be used towards costs of the offers, exploration and development of the Company's King Tamba Lithium and Mt Clere Rare Earth projects, corporate and administrative expenses and working capital.

Executive Chairman Colin Locke commented “We would like to thank our lead manager CPS for their outstanding service and existing shareholders for their continued support as well as welcome our new shareholders to the register. Furthermore, we are pleased to offer our shareholders the opportunity to participate in the Entitlement Offer on the same terms as the Placement.



Capital Structure

363,376,584 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

Enquiries regarding this

announcement can be directed to

Colin Locke
T. +61 457 289 582



The Company is looking forward to drilling the newly discovered Wilson Prospect and unlocking the considerable potential at the King Tamba Lithium Project for shareholders.”

The Entitlement Offer is being extended to Krakatoa shareholders who:

- are registered as a holder of Shares at 5.00pm (AWST) on Monday, 17 July 2023 (**Record Date**);
- have an address on the register in Australia or New Zealand;
- are not in the United States or a US person or acting for the account or benefit of such persons; and
- are otherwise eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

The Entitlement Offer is expected to open on Thursday, 20 July 2023 and to close at 5.00pm AWST on Friday, 4 August 2023. Please refer to the indicative timetable below for the key dates relating to the Entitlement Offer.

The Entitlement Offer is non-renounceable. This means that Krakatoa shareholders who do not take up their entitlement to participate in the Entitlement Offer will not be able to transfer or receive any value for those entitlements, and their equity interest in Krakatoa will be diluted. Further details will be contained in an Entitlement Offer booklet to be dispatched in accordance with the below indicative timetable. Important information relating to the key risks of investing in Krakatoa are contained in the annexure to this announcement.

The Entitlement Offer is not underwritten. Any New Shares not subscribed for under the Entitlement Offer will form the Shortfall. The Board reserves the right to issue such shortfall Shares as it may in its sole discretion determine, within three months after the close of the Entitlement Offer.

Indicative timetable*

An indicative timetable for the Capital Raising is set out below.

Event	Date
Announcement of Placement and Entitlement Offer, trading halt lifted	Monday, 10 July 2023
Entitlement Offer cleansing notice lodged with ASX	Monday, 10 July 2023
Ex-date for Entitlement Offer	Friday, 14 July 2023
Record Date to determine entitlements	Monday, 17 July 2023
Tranche One Placement Shares issued	Tuesday, 18 July 2023
Entitlement Offer opens Dispatch of Entitlement Offer booklet and entitlement and acceptance forms	Thursday, 20 July 2023
Entitlement Offer closes	Friday, 4 August 2023
Entitlement Offer shares commence quotation on deferred settlement basis	Monday, 7 August 2023
Announcement of results under the Entitlement Offer	Wednesday, 9 August 2023
Issue of Shares under the Entitlement Offer	Thursday, 10 August 2023
Commencement of normal trading for Shares issued under the Entitlement Offer	Friday, 11 August 2023
General Meeting	Friday, 18 August 2023
Tranche Two Placement Shares issued	Friday, 18 August 2023

* The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the closing date of the Entitlement Offer or accepting late applications, without notice. The commencement of quotation and trading of New Shares is subject to confirmation from the ASX.



Capital Structure

363,376,584 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

Enquiries regarding this

announcement can be directed to

Colin Locke
T. +61 457 289 582



KRAKATOA

RESOURCES LTD.

www.ktaresources.com

Lv 8, London House
216 St Georges Terrace,
Perth WA, Australia 6000

T. +61 (08) 9481 0389
E. locke@ktaresources.com

The Entitlement Offer will be conducted in accordance with section 708AA of the Corporations Act. The Company will dispatch to eligible shareholders an Entitlement Offer booklet which will provide further details of the Entitlement Offer and how to participate in the Entitlement Offer. The Entitlement Offer booklet will also include a personalised entitlement and acceptance form. Eligible shareholders wishing to participate in the Entitlement Offer should carefully review the Entitlement Offer booklet. Those shareholders who the Company determines to be ineligible shareholders will be notified of that fact.

The Entitlement Offer falls within an exception to ASX Listing Rule 7.1 and does not require shareholder approval. This is the announcement referred to in the Company's request for a trading halt on 6 July 2023.

This announcement has been authorised by the board of directors of the Company.

FOR FURTHER INFORMATION:

Colin Locke
Executive Chairman
+61 457 289 582
locke@ktaresources.com



ASX Code
KTA

Capital Structure

363,376,584 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

Enquiries regarding this

announcement can be directed to

Colin Locke
T. +61 457 289 582

Annexure A – Risk Factors

1 Risk Factors

Investors should be aware that an investment in the Company is subject to investment and other known and unknown risks, including possible loss of the principal invested. Investors should carefully read this Annexure A. An investment of this kind involves a number of risks, some of which are specific to the Company and the industry in which it operates. The Company has implemented strategies, actions, systems and safeguards for known risks. However, some risks are beyond its control. Consequently, the prevailing price or value of the Placement Shares or New Shares (together, for the purposes of these risk factors, the "New Shares") issued under the Capital Raising may be more or less than the issue price. The New Shares offered under the Capital Raising carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered as a guide to its future performance.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Potential investors should carefully consider the following factors in addition to the other information presented in this announcement and previous announcements made by the Company.

1.1 Company and Mining Industry Risks

(a) Mineral and Exploration risk

The Company's tenements are early stage exploration tenements with limited exploration undertaken on them to date.

Mineral exploration by its nature is a high risk activity and there can be no guarantee of exploration success on the Company's projects. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Further, exploration involves certain operating hazards, such as failure and or breakdown of equipment, adverse geological, seismic and geotechnical conditions, industrial accidents, labour disputes, adverse weather conditions, pollution and other environmental hazards and risks.

(b) Operating risks

The proposed activities of the Company including economic studies are dependent on economic inputs from commodity prices, metallurgical tests and market tests of which there is no guarantee of positive economics. It is a risk that studies may not be completed or may be delayed indefinitely where key inputs show negative economic outcomes. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining and processing of its mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses

(c) Environmental risk

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(d) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

(e) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of annual budgeting processes. If such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(f) Mineral title risks

Mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits or future applications for production concessions will be approved. Permits are subject to numerous legislation conditions. The renewal of the term of a granted permit is also subject to the discretion of the relevant mining inspector. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. Furthermore the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(g) Access to land

The Company will likely experience delays and cost overruns in the event it is unable to access the land required for its operations. This may be as a result of weather, environmental restraints, harvesting, landholder's or community activities, government legislation or other factors. This may impact on the Company's ability to conduct operations such as drilling.

(h) Insurance arrangements

The Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to continue to maintain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(i) Information systems and cyber security

The Company relies on secure and adequate operations of information technology systems in the conduct of its operations. The Company's information systems are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorised parties may attempt to gain access to these systems or the Company's information through fraud or other means of deception. The Company's operations depend, in part, on how well the Company and those entities with which they do business, protect networks, equipment, information, technology systems and software against damage from a number of threats.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software. The Company may be required to increasingly invest in better systems, software, and use of consultants to periodically review and adequately adapt and respond to dynamic cyber risks or to investigate and remediate any security vulnerabilities. Failures in the Company's information technology systems could result in operational delays, loss or disclosure of confidential, proprietary, personal or sensitive information and third party data, or destruction or corruption of data. Accordingly, any failure of information systems or a component of information systems could adversely impact the Company's reputation, business, financial position, as well as compliance with its contractual obligations and applicable laws, and potential litigation and regulatory enforcement proceedings.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that they will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorised access remains a priority for the Company.

(j) Work place health and safety risks

Due to the nature of the Company's operations, it is subject to significant legislation in respect of workplace health and safety in each jurisdiction in which it operates. Exploration and mining is an inherently dangerous occupation, and risks to the Company's employees including incidents involving light and heavy vehicles, moving machinery, electrical, falls from height, slips and trips, crush injuries, passenger flights, being struck by suspended loads, fire and confined space incidents and many more. The Company's employees may also be subject to longer-term health risks including due to exposure to noise and hazardous substances (such as dust and other particulate matter).

Whilst the Company regularly reviews its workplace health and safety systems and monitors its compliance with workplace health and safety regulations, no assurance can be made that the Company has been or will be at all times in full compliance with all applicable laws and regulations, or that workplace accidents will not occur.

In addition, the occurrence of workplace accidents or serious breaches of workplace health and safety laws may lead to civil claims, criminal prosecutions or statutory penalties against the Company which could adversely impact the Company both financially as well as reputationally.

1.2 General risk factors

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) Market conditions and other economic risks

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities. The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Changes in government policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(c) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities as well as on the Company's ability to fund those activities.

(d) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) Litigation risks

The Company is exposed to possible litigation risks. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(f) Regulatory risks

The Company incurs ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(g) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on the Company's senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors leaves the Board.

(h) Climate change risks

The Company cannot predict with any certainty the potential direct consequence of climate change on its operations and financial condition. Nonetheless, the climate change risks which may be particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company. Whilst the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
 - (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such
-

as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

The occurrence of such events, or an increase in the frequency and severity of such events, could result in damage to the Company's properties, or future properties in which the Company has an interest. It could also result in damage to the Company's or any contractor's equipment, interruptions to critical infrastructure such as transport, water and power supply, loss of workforce productivity and increased competition for, and regulation of, limited resources (such as power and water), each of which could in turn adversely affect the Company's business, results of operations and financial position.

(i) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return to security holders arising from participation in the Capital Raising or otherwise.

1.3 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the operations and/or financial performance of the Company and the value of the securities offered under the Capital Raising. Therefore, the securities to be issued pursuant to the Capital Raising carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for securities.
