



# KRAKATOA

RESOURCES LTD.

**KRAKATOA RESOURCES LTD**

**ACN 155 231 575**

## **ENTITLEMENT OFFER BOOKLET**

This Offer Booklet is being issued in relation to a pro rata non-renounceable entitlement offer of 1 New Share for every 13 Shares held at an issue price of \$0.036 per New Share to raise approximately \$1.01 million (before costs).

The Entitlement Offer is not underwritten.

The Entitlement Offer closes at 5.00pm (AWST) on Friday, 4 August 2023\*

*Not for release to US wire services or distribution in the United States*

**This is an important document and requires your immediate attention.**

**It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.**

**This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.**

**An investment in the Shares offered in connection with this document should be considered of a speculative nature.**

\*The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Entitlement Offer.

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## Important Information

This Entitlement Offer Booklet (**Offer Booklet**) is dated 20 July 2023. Capitalised terms have the meaning given to them in section 4.

This Offer Booklet has been issued by Krakatoa Resources Limited (ACN 155 231 575).

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) to Eligible Shareholders with a registered address in Australia or New Zealand at 5.00pm (AWST) on Monday, 17 July 2023 (**Record Date**).

This document is not a prospectus under Australian law or under any other law. Accordingly, this document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. This Offer Booklet should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

This Offer Booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this document and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to the Company as of the date of this Offer Booklet. Except as required by law or regulation (including the Listing Rules) the Company undertakes no obligation to update these forward-looking statements.

Before making any decision to invest, Eligible Shareholders must make their own investigations and analyses regarding the Company, its business, financial performance, assets, liabilities and prospects, rely on their own inquiries and judgements in the light of their own personal circumstances (including financial and taxation issues) and seek appropriate professional advice.

This Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted in section 3.2.

The distribution of this Offer Booklet in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this document should observe any such restrictions, including those in section 3.2. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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## **Corporate Directory**

### **Directors & Management**

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

### **Company Secretary**

Mr David Palumbo

### **Registered and Principal Office**

Level 8, London House  
216 St Georges Terrace  
Perth WA 6000  
Phone: +61 8 9481 0389  
Email: [krakatoa@ktaresources.com](mailto:krakatoa@ktaresources.com)  
Website: [www.ktaresources.com](http://www.ktaresources.com)

### **Share Registry\***

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Telephone: +61 8 9323 2000  
Fax: +61 8 9323 2033

**ASX Code:** KTA

### **Auditor\***

RSM Australia  
Level 32, Exchange Tower  
2 The Esplanade  
Perth WA 6000

\* These entities are included for information purposes only. They have not been involved in the preparation of this Offer Booklet.

## Letter from the Chairman

Dear Shareholder,

On behalf of the Directors, I am pleased to invite you as a valued Shareholder of Krakatoa Resources Limited (**Company**) to participate in a 1 for 13 non-renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.036 per New Share (**Issue Price**) to raise up to approximately \$1.01 million (before costs) (**Entitlement Offer**).

## Capital Raising

On 10 July 2023, the Company announced:

- (a) it had received firm commitments to issue 105 million fully paid ordinary shares (**Placement Shares**) via a placement at \$0.036 per Placement Share to raise approximately \$3.78 million (before costs) (**Placement**); and
- (b) it would undertake a non-renounceable entitlement offer to raise approximately \$1.01 million (before costs) via the issue of approximately 27.95 million New Shares at the same offer price as the Placement and on the terms described below.

The Placement will be split into two tranches. Tranche 1, comprised of 63 million Placement Shares (~\$2.27 million), was issued on Tuesday, 18 July 2023. Tranche 2, comprised of 42 million Placement Shares (~\$1.51 million) is subject to Shareholder approval, with a meeting to be indicatively held on 18 August 2023. Placement participants who are also Eligible Shareholders are not entitled to participate in the Entitlement Offer in respect of their Placement Shares as these will be issued after the Record Date.

CPS Capital Group Pty Ltd acted as lead manager to the Placement.

## Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are entitled to acquire 1 New Share for every 13 existing fully paid ordinary shares in the Company (**Shares**) held on the record date, being 5.00pm (AWST) on Monday, 17 July 2023 (**Record Date**). New Shares issued under the Entitlement Offer will rank equally with existing Shares.

The Entitlement Offer provides Eligible Shareholders with the opportunity to participate in the Capital Raising as the Company continues to advance its plans. The Board reserves the right to issue New Shares comprising the Shortfall as it may in its sole discretion determine, within three months after the close of the Entitlement Offer (see Section 1.4 for further details).

## Use of funds

The Company proposes to use the proceeds from the Entitlement Offer and Placement towards funding exploration activities and development of its King Tamba Lithium Project and Mt Clere Rare Earth Project, as well as general corporate and administrative expenses and working capital.

## Actions required to take up your Entitlement

As an Eligible Shareholder, subject to the terms set out in this Offer Booklet, you may choose one of the following options:

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- (a) apply for all of your Entitlement under the Entitlement Offer;
- (b) apply for part of your Entitlement; or
- (c) take no action.

The Entitlement Offer closes at **5.00pm (AWST) on Friday, 4 August 2023**. To participate in the Entitlement Offer, your application for New Shares must be received before this time in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form and in section 2 of this Offer Booklet.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise be transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

It is important that you carefully read this Offer Booklet and the other publicly available information about the Company on our website ([www.ktaresources.com](http://www.ktaresources.com)) and consider in particular the risk factors set out in the Company's announcement dated 10 July 2023 before making any investment decision. With this Offer Booklet you will also find your Entitlement and Acceptance Form which details your Entitlement and provides instructions on how to participate in the Entitlement Offer.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely



**Colin Locke**  
**Executive Chairman**

## Summary of Offer

Key Information	Date
Issue Price	\$0.036 per New Share.
Entitlement Ratio	1 New Share for every 13 Shares held.
Record Date	5.00pm (AWST) Monday, 17 July 2023.
Number of New Shares to be issued under Entitlement Offer (assuming fully subscribed)	Approximately 27.95 million (subject to rounding and assuming no Options are exercised into Shares before the Record Date).
Total Shares on issue on completion of the Placement and Entitlement Offer (assuming fully subscribed)	Approximately 496.3 million (subject to rounding).
Amount to be raised under the Entitlement Offer (before costs) (assuming fully subscribed)	Approximately \$1.01 million.

## Key Dates

Event	Date
Announcement of Entitlement Offer	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 for the Entitlement Offer (5.00pm (AWST))	Monday, 17 July 2023
Despatch of Offer Booklet and Entitlement and Acceptance Forms Entitlement Offer Opening Date	Thursday, 20 July 2023
Last day to extend Entitlement Offer Closing Date	Tuesday, 1 August 2023
Entitlement Closing Date (5.00pm (AWST))	Friday, 4 August 2023
New Shares commence quotation on a deferred settlement basis	Monday, 7 August 2023
Announcement of Entitlement Offer results	Wednesday, 9 August 2023
Issue and allotment of New Shares	Thursday, 10 August 2023
Commencement of normal trading of New Shares	Friday, 11 August 2023

Dates and times in this Offer Booklet are indicative only and subject to change.

Eligible Shareholders that wish to participate in the Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Entitlement Offer opens. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer (including extending the Entitlement Offer or accepting late applications) without notice.

## **1 Details of the Entitlement Offer**

### **1.1 Overview of the Entitlement Offer**

The Company proposes to raise approximately \$1.01 million under the Entitlement Offer through the issue of approximately 27,950,000 New Shares. Under the Entitlement Offer, the Company is offering eligible shareholders the opportunity to subscribe for 1 New Share for every 13 existing Shares held at the Record Date, at the Issue Price of \$0.036 per New Share (**Entitlement Offer**).

The Entitlement Offer is an offer to Eligible Shareholders only.

The Entitlement Offer is not underwritten

The Issue Price of \$0.036 per New Share is the same as the Placement and represents a 22.2% discount to the 15-day volume-weighted average price of Shares (being \$0.046) as at 7 July 2023 (being the last trading day prior to the date of the announcement of the Placement and Entitlement Offer).

Where fractions arise in the calculation of an Entitlement, they have been rounded down to the next whole number of New Share.

After the Entitlement Offer closes, any New Shares attributable to Entitlements which are:

- (a) not taken up by Eligible Shareholders; and
- (b) would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer,

will form the Shortfall. The Board reserves the right to issue Shortfall within three months of the closing date of the Entitlement Offer in its absolute discretion.

### **1.2 Placement**

On 10 July 2023, the Company announced the receipt of commitments from existing Shareholders and new investors for the placement of 105 million Shares at an issue price of \$0.036 per Share to raise approximately \$3.78 million (before costs).

The Placement will be split into two tranches. Tranche 1, comprised of 63 million Placement Shares (~\$2.27 million), was issued on Tuesday, 18 July 2023. Tranche 2, comprised of 42 million Placement Shares (~\$1.51 million) is subject to Shareholder approval, with a meeting to be indicatively held on 18 August 2023. Tranche 1 of the Placement was issued under the Company's 15% placement capacity pursuant to Listing Rule 7.1 and additional 10% placement capacity pursuant to Listing Rule 7.1A.

The Shares under the Placement were issued after the Record Date for the Entitlement Offer and, as such, will not carry an Entitlement to participate in the Entitlement Offer.

### **1.3 Eligible Shareholders**

This Offer Booklet contains an offer of New Shares to Eligible Shareholders. Eligible Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have an address on the register in Australia or New Zealand;

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- (c) are not in the United States and are not acting for the account or benefit of a person in the United States to the extent such persons hold Shares for the account or benefit of persons in the United States; and
- (d) 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.

Shareholders that are not Eligible Shareholders are Ineligible Shareholders. The Company has determined (having regard to Listing Rule 7.7.1(a)) that it is unreasonable to extend to Ineligible Shareholders the opportunity to participate in the Entitlement Offer because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

The Entitlements of Eligible Shareholders who also hold options to acquire Shares will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any options which have not been exercised before that time.

### 1.4 Discretion to deal with Shortfall

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

### 1.5 Ranking of New Shares

New Shares issued under the Entitlement Offer will rank equally with existing Shares.

### 1.6 Effect of the Entitlement Offer capital structure

#### (a) Capital structure

The proposed capital structure of the Company following the issue of the New Shares in connection with the Placement and Entitlement Offer will be as follows:

Event	Shares	Options	Share Appreciation Rights
Securities on issue prior to Placement	363,376,584	21,200,000 <sup>1</sup>	15,000,000 <sup>1</sup>
Placement	105,000,000 <sup>2</sup>	10,000,000 <sup>3</sup>	Nil
To be issued under the Entitlement Offer	27,952,045	Nil	Nil
Total approximate Securities on issue on completion of Entitlement Offer	496,328,629	31,200,000	15,000,000

**Note:**

1. See Section 1.6(b) for the terms and conditions of the Options and Share Appreciation Rights.

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2. As noted in Section 1.2 the Placement was split into two tranches, with 63 million of the 105 million Placement Shares issued prior to the date of this Offer Booklet.
3. Subject to receiving prior Shareholder approval, the Company agreed to issue 10,000,000 Options at an issue price of \$0.00001 each to CPS Capital pursuant to the terms of the Placement lead manager mandate. The Options are exercisable at \$0.075 each on or before 29 November 2023.

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation and rounding.

The above table provides a pro-forma capital structure of the Company after completion of the Entitlement Offer and Placement, assuming:

- (i) Shareholder approval is received for Tranche 2 of the Placement (42 million Placement Shares);
- (ii) no other Shares are issued by the Company between the announcement of the Entitlement Offer and the Closing Date; and
- (iii) the Entitlement Offer is fully subscribed.

The actual outcome of the Entitlement Offer may differ.

### **(b) Other securities**

As at the date of this Offer Booklet, the Company has on issue:

- (i) 21,200,000 unquoted Options with an exercise price of \$0.075 each, expiring 29 November 2023; and
- (ii) 15,000,000 share appreciation rights, expiring on 30 November 2023 and vesting in equal tranches at VWAPs of \$0.20, \$0.30 and \$0.40.

The above securities do not carry an entitlement to participate in the Entitlement Offer, unless exercised prior to the Record Date.

### **(c) Potential effect of the Entitlement Offer**

The Entitlement Offer is a pro rata offer so that if all Eligible Shareholders take up their Entitlements and no holders of Options exercise their Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on the control of the Company. However, Shareholders who do not take up all of their Entitlements will have their interest in the Company diluted. In addition, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which the other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Entitlement Offer on the control of the Company will be minimal.

## **1.7 Use of funds**

The Company proposes to use the proceeds from the Entitlement Offer and Placement towards funding exploration activities and development of its King Tamba Lithium Project and Mt Clere Rare Earth Project as well as general corporate and administrative expenses and working capital.

## 1.8 Directors' Interests

The relevant interest, whether held directly or indirectly, of each of the Directors of the Company as at the date of this Offer Booklet, together with their Entitlement under the Entitlement Offer are set out below:

Name	Existing Shares		Entitlements
	Shares	%	
Colin Locke	1,129,000	0.26	86,846
Timothy Hogan	400,000	0.09	30,769
David Palumbo	4,000,000	0.94	307,692

As at the date of this Offer Booklet, each of the Directors intend to participate in the Entitlement Offer and take up their Entitlements in full.

## 1.9 Control

The Company does not consider that the issue of New Shares under the Entitlement Offer, will have a material impact on control of the Company.

## 1.10 Withdrawal of Entitlement Offer

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest in accordance with the Corporations Act.

## 1.11 No cooling off rights

Cooling off rights do not apply to a subscription for New Shares under the Entitlement Offer. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

## 1.12 No Entitlements trading

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

## 1.13 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

## 1.14 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded down to the nearest whole number of New Shares.

## 1.15 Opening and Closing Date for applications

The Entitlement Offer opens for acceptances on Thursday, 20 July 2023 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5.00pm (AWST) on Friday, 4 August 2023, subject to the Company being able to vary the Closing Date in accordance with the Listing Rules.

**1.16 Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than Thursday, 10 August 2023. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

## 2 How to participate

### 2.1 General

Before taking any action, you should carefully read this Offer Booklet and the other publicly available information about the Company on our website ([www.ktaresources.com](http://www.ktaresources.com)) and consider the risk factors set out in the Company's announcement dated 10 July 2023, also available on the Company's website.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

- (a) take up your Entitlement in full or in part (refer to Section 2.2); or
- (b) allow your Entitlement to lapse (refer to Section 2.5).

### 2.2 If you wish to accept your Entitlement in full or in part

#### Pay by BPAY® (Australian residents only)

For Australian residents BPAY® is the only acceptable form of payment for the purchase of New Shares. Please refer to your personalised instructions on your Entitlement and Acceptance Form and note the following:

- (a) you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- (b) amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) will be refunded in accordance with the policy below; and
- (c) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your BPAY® payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by **5.00pm (AWST) on the Closing Date**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Shareholders on any Application Money received or refunded.

### **Payment of Electronic Funds Transfer (EFT) for non-Australian bank transfers**

For Eligible Shareholders whose holdings are registered in New Zealand, pay your Application Money via Electronic Funds Transfer (**EFT**) by following the instructions provided to you separately with your Entitlement and Acceptance Form.

Please note that when paying by EFT:

- (a) you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- (b) amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) will be refunded in accordance with the policy below; and
- (c) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

Please note that your bank and the receiving bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by the Company. You should instruct your bank to elect 'remitter to bear charges'.

When completing your EFT, please make sure to use the unique reference number provided to you via email.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through EFT are received by **5.00pm (AWST) on the Closing Date**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares multiplied by the Issue Price will be refunded to you except where that amount would not otherwise cover the costs to the Company of refunding such excess Application Money, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Shareholders on any Application Money received or refunded.

### **2.3 Acceptance of the Entitlement Offer**

By making a payment via BPAY® or EFT, you:

- (a) agree to be bound by the terms of this Offer Booklet and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY® or EFT, the application may not be varied or withdrawn except as allowed by law;

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- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the issue price of \$0.036 per New Share (up to the number of New Shares equal to your Entitlement);
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs, and that the Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (j) acknowledge that investments in the Company are subject to risks;
- (k) represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet or making an application for New Shares; and
- (l) represent and warrant that you are an Eligible Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form.

### **2.4 Address details and enquiries**

As the only acceptable forms of payment is BPAY® and EFT, there is no need to return the Entitlement and Acceptance Form.

If you would like further information you can:

- (a) Contact your stockbroker, accountant or other professional adviser; or
- (b) Contact the Company on +61 8 9481 0389 at any time from 8.30 am to 5.00 pm (AWST) Monday to Friday (excluding public holidays) during the Entitlement Offer period.

### **2.5 If you do not wish to accept all or any part of your Entitlement**

To the extent you do not accept all or any part of your Entitlement, it will lapse. Any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) will form part of the Shortfall and may be placed at the discretion of the Directors in accordance with Section 1.4.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

### **3 Important information for Shareholders**

#### **3.1 No prospectus or product disclosure statement and not investment advice**

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*. Accordingly, neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC.

This Offer Booklet nor the Entitlement and Acceptance Form are also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

#### **3.2 Shareholders outside Australia**

##### **(a) General restrictions**

This Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

The distribution of this Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of This Offer Booklet outside Australia or New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia or New Zealand, as relevant.

##### **(b) New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the New Zealand Financial Markets Conduct Act 2013. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain of all the information that a product disclosure statement under New Zealand law is required to contain.

#### **3.3 Ineligible Shareholders**

The Company is not extending the Entitlement Offer to Ineligible Shareholders having regard to the cost of complying with legal and regulatory requirements in many foreign jurisdictions where Ineligible Shareholders have their registered address, the number of Ineligible

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Shareholders and the number and value of New Shares which could be offered to Ineligible Shareholders.

Where this Offer Booklet has been dispatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

### **3.4 Notice to nominees and custodians**

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Nominees and custodians may not distribute any part of this Offer Booklet in the United States or in any other country outside of Australia or New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Entitlement Offer.

### **3.5 Continuous disclosure**

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half-yearly reports.

The Company is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its Shares. That information is available to the public from the ASX.

### **3.6 Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

### **3.7 Privacy**

If you complete an Entitlement and Acceptance Form and apply for New Shares, you will be providing personal information to the Company, its agents, contractors and third-party service providers. The Company, its agents, contractors and third-party service providers will collect, hold and use that information to assess your acceptance, carry out administration of your shareholding, service your needs as a Shareholder and facilitate corporate communications.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers, mail houses and the Share Registry.

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Failure to provide the required personal information may mean that your acceptance is not able to be processed efficiently, if at all.

You may request access to your personal information held by (or on behalf of) the Company and by the Share Registry. You can request access to, or the updating of, your personal information by telephoning or writing to the Company or the Share Registry using the details shown in the Corporate Directory.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) and the Corporations Act.

### **3.8 Future performance and forward-looking statements**

This document contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Forward looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Entitlement Offer.

### **3.9 Past performance**

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Offer Booklet is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

### **3.10 Disclaimer of representations**

No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as having been authorised by the Company in connection with the Entitlement Offer. Except as required by law, and only to the extent so required:

- (a) none of the Company, or any person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the information contained in this Offer Booklet; and
- (b) the Company, its officers, employees and advisers disclaim all liability that may otherwise arise due to this Offer Booklet being inaccurate or incomplete in any respect.

### **3.11 Authorisation and disclaimers**

This Offer Booklet is issued by, and is the sole responsibility of the Company.

None of the parties referred to in the Corporate Directory of the Offer Booklet (other than the Company), has:

- (a) authorised or caused the issue of this Offer Booklet; or

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- (b) made or authorised the making of any statement that is included in this Offer Booklet or any statement on which a statement in this Offer Booklet is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Offer Booklet (other than the Company) expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Booklet.

### **3.12 Governing law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Western Australia.

### **3.13 Interpretation**

Some capitalised words and expressions used in this Offer Booklet have meanings as set out in section 4.

A reference to time in this Offer Booklet is to the local time in Perth, Western Australia, unless otherwise stated.

All financial amounts in this Offer Booklet are expressed in Australian dollars, unless otherwise stated.

### **3.14 No handling fees**

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Shareholders.

#### 4 Definitions

**Application Money** means money received in respect of an application for New Shares.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.

**Board** means the board of Directors.

**Closing Date** means the last day for receipt of Application Money and return of Entitlement and Acceptance Forms being, 5.00pm (AWST) on Friday, 4 August 2023 (unless extended).

**Company** means Krakatoa Resources Limited (ACN 155 231 575).

**Corporations Act** means *Corporations Act 2001* (Cth).

**CPS Capital** means CPS Capital Group Pty Ltd (ACN 088 055 636).

**Director** means a director of the Company.

**EFT** means electronic funds transfer.

**Eligible Shareholder** means a Shareholder as described in section 1.3 of this Offer Booklet.

**Entitlement** means the entitlement to 1 New Share for every 13 Shares held on the Record Date as shown on the personalised Entitlement and Acceptance Form.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Offer Booklet.

**Entitlement Offer** means the offer of New Shares made in this Offer Booklet.

**Ineligible Shareholders** means a Shareholder who is not an Eligible Shareholder.

**Issue Price** means \$0.036 per New Share.

**King Tamba Lithium Project** means the Company's King Tamba Speciality Metals Project in Western Australia.

**Listing Rules** means the official listing rules of ASX, as amended or waived by ASX from time to time.

**Mt Clere Rare Earth Project** means the Company's Mt Clere Rare Earth Project in Western Australia.

**New Shares** means Shares offered under the Entitlement Offer.

**Offer Booklet** means this entitlement offer booklet.

**Official List** means the official list of ASX.

**Option** means an option to acquire one Share.

**Placement** has the meaning given in section 1.2.

**Record Date** means 5.00pm (AWST) on Monday, 17 July 2023.

**Share** means a fully paid ordinary share in the Company.

**Share Registry** means Computershare Investor Services Pty Ltd (ACN 078 279 277).

**Shareholder** means a holder of Shares.

**Shortfall** means the number of New Shares not applied for under the Entitlement Offer.

**US Securities Act** means the US Securities Act of 1933, as amended.