

Q4  
23



**KRAKATOA**  
RESOURCES LTD.

**Quarterly Activities Report**  
**December 2023**



**Capital Structure**  
472,107,220 Fully Paid Shares

**Directors**  
Colin Locke  
David Palumbo  
Timothy Hogan

**[www.ktaresources.com](http://www.ktaresources.com)**  
Lv 8 London House  
216 St. Georges Terrace,  
Perth WA, Australia 6000

## HIGHLIGHTS FROM DECEMBER 2023 QUARTER

### KING TAMBA PROJECT

- Soil geochemical program identifies a 1.3 x 0.5 km mineralised zone enriched in Li-Cs-Rb-Be with elevated Ta-Nb
- The enriched target zone sits within a broader 3km LCT corridor
- A 1806m drilling program was completed over the three-lithium enriched greisen alteration style prospects (Wilson's, Loader and MGM)
- A second phase reverse circulation drilling program was designed and commenced with an additional 6000m (~49 holes) to test the extended high-grade lithium soil anomaly.
- Drilling commenced in December with 3938m of the program completed at quarter end. The drilling program was subsequently recommenced in January 2024 after the planned festive season break and is now complete.
- Drilling intersected flat-lying pegmatites with multiple thick pegmatites of up to 39m thick in several zones.

### MT CLERE PROJECT

- The Company completed the 8 month long systematic reconnaissance mapping and geochemical sampling programs over the Mt Clere region.
- Numerous pegmatite outcrops were discovered in the northern areas with one outcrop up to 40m wide and strike over 200m.
- In total the company collected 2568 soil samples, 179 rock samples and 271 additional stream samples.
- The Company undertook reconnaissance mapping and prospecting over 400km<sup>2</sup> during the total field season (8 months of the year).

### COMPANY

- Cash on hand at end of the quarter is \$2.3M.
- The Company raised \$1.6 million through issue of 37,209,303 shares at an issue price of \$0.043 per share; which included the \$0.6 million drilling credit equity facility.
- All Topdrill drilling costs for the second phase drilling program will be covered by the \$0.6m drilling credit.
- AGM was undertaken on the 30 November 2023

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

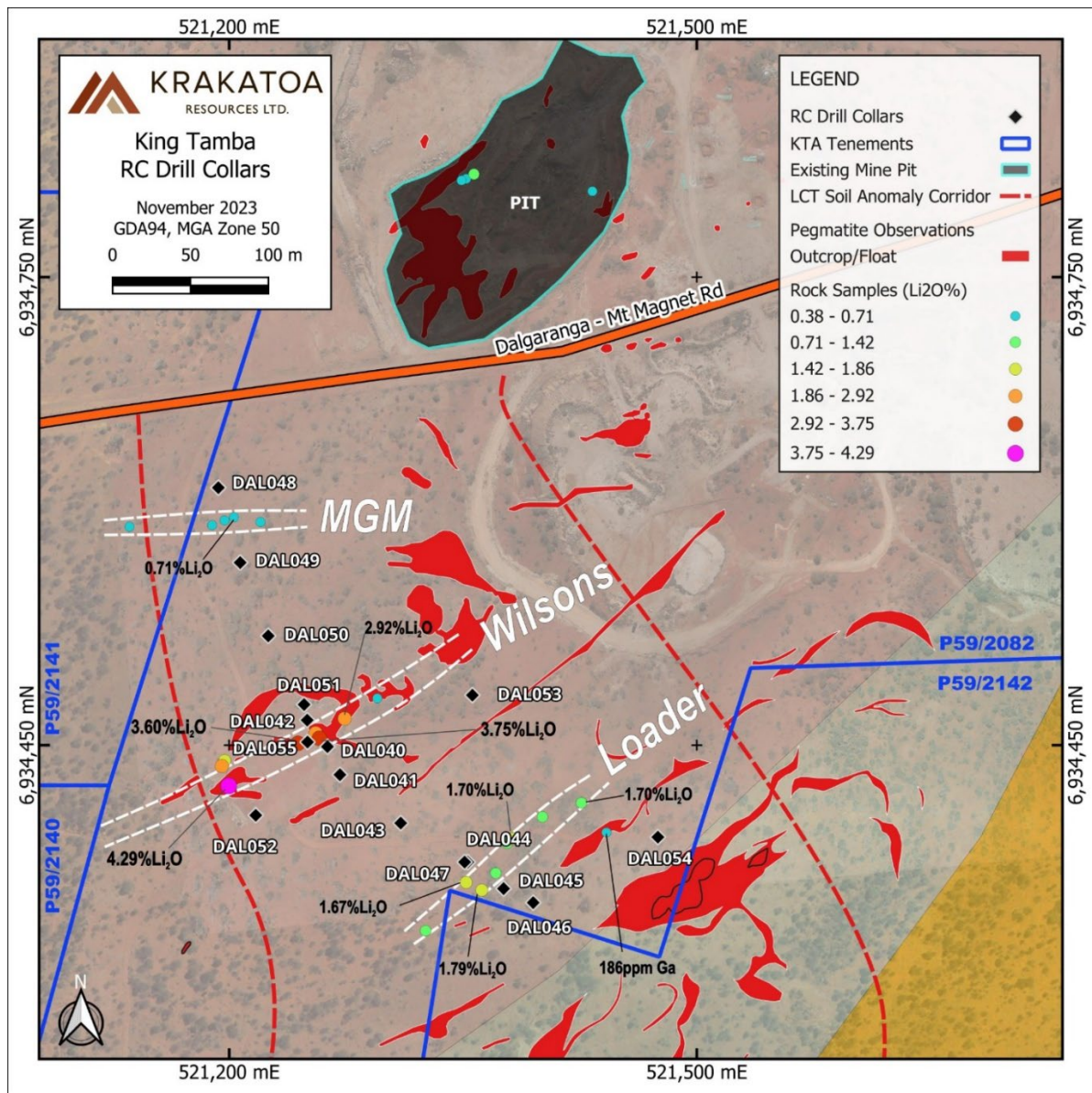
Key activities completed in the quarter included completion of King Tamba site wide soil survey identifying an extensive lithium soil anomaly which was followed by two phases of drilling. One under the high-grade rock prospects and the second over the identified soil targets. In total 5744m of reverse circulation drilling was completed during the quarter with additional drilling continuing into the current quarter.

The 8 month long, project wide reconnaissance focused exploration activities over the Mt Clere project were also completed during the quarter.

**King Tamba Project**

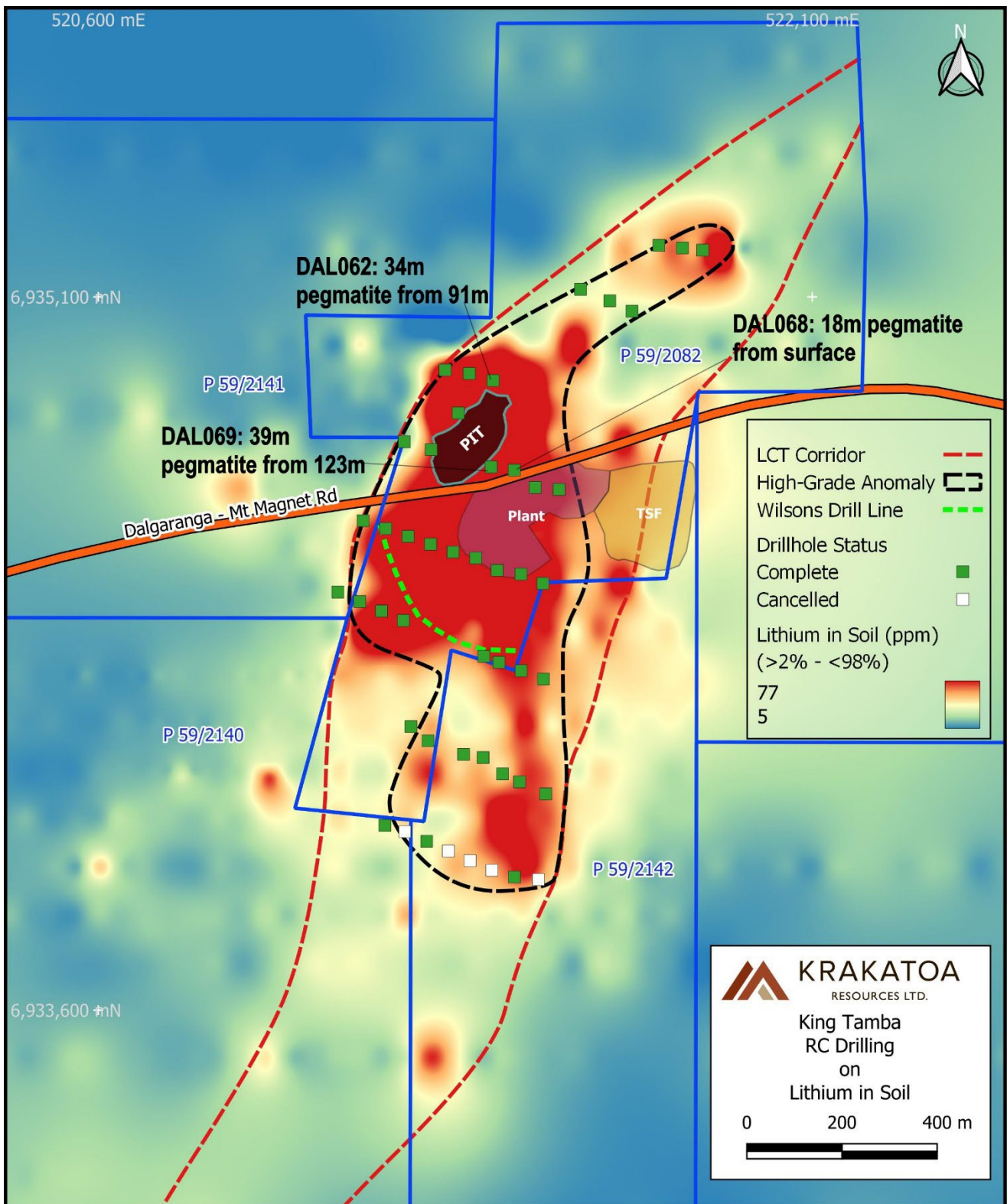
During the quarter, the Company received the assay results from the extensional field sampling undertaken over Sentiental-2 spectral targets and high-grade rock samples at Wilson, Loader and MGM prospects (Figure 1); all were identified during the previous quarter. This quarter work included the interpretation of the newly acquired soil and rock samples over a more extensive area thought to host buried pegmatites and the commencement of two targeted reverse circulation (RC) drilling programs. One under the high-grade rock prospects and the second over the extent of the soil anomaly.

The Company undertook and completed the initial Phase 1 RC drilling program over the high-grade lithium rock prospects (Wilson, Loader and MGM). The RC drilling was the culmination of a program of outcrop mapping, sampling, and mineralogical work which had defined multiple lithium mineralised targets within a broad anomalous zone.



**Figure 1** Location of the high-grade rock chip samples and prospects, showing observed mapped pegmatite outcrops and location of the Phase 1 reverse circulation drill holes (with drill trace); over satellite image with transparent geology.

The results received during the quarter for both the soil and rock chip samples revealed highly elevated LCT anomalism over a 1.3km by 0.5km zone within a broader enriched 3km LCT corridor (Figure 2).



After the successful completion of the Phase 1 RC drilling program a second phase (Phase 2), 6000m RC drilling program commenced late in the quarter. This program was designed to test the extent of the high-grade lithium in soil anomalies within a 0.5 x 1.3 km halo surrounding the discreet high-grade lithium rock prospects drilled in Phase 1 (Figure 2).

The initial program (Phase 1) consisted of 16 holes, for 1806m of drilling (Figure 1). Thirteen holes intersected flay-lying pegmatites logged from 70m depth and these were hosted in a mixture of dolerite and fine-grained metasediments. A 39m thick pegmatite was intersected below the high-grade Wilson prospect. Hole depths ranged from 42m to 174m, with an average of 113m. Batches of drilling samples were delivered to the laboratory in Perth. All significant assay results from this phase of drilling were reported subsequent to the quarter, in January 2024.

At the end of the quarter the Phase 2 RC drill program had completed 27 holes (3938m) of the proposed 49-hole program before demobilising for the planned festive season break. The remaining holes were drilled in January 2024. The hole depths ranged from 134m to 198m, with an average of 145m. Twenty holes intersected pegmatites hosted in a mixture of dolerite and fine-grained metasediments. Significant pegmatites were intersected in multiple drillholes, including a 39m thick unit from 123m depth in DAL069, 34m thickness from 91m in DAL062, and 18m from surface in DAL068 (Figure 2).

The mineralogy of the pegmatites showed variable proportions of quartz, feldspar, and mica along with traces of accessory minerals such as fluorite and tourmaline in places. Multiple highly micaceous zones were intersected which shared visual similarities with the greisen altered surface samples taken from Wilsons prospect earlier in the year. Large pegmatites (>10m downhole width) generally showed good continuity across section, whilst smaller pegmatites tended to have a more erratic distribution and be less continuous.

Batches of drilling samples have been delivered to the laboratory over the course of the drilling program and are now awaiting analysis. All assay results will be reported in due course.

 **Mt Clere Project**

During the Quarter, the Company continued its systematic regional reconnaissance, mapping and geochemical field programs. The objective is to carry out regional exploration programs to replicate the discovery success at Tower, while also investigating other commodity opportunities within the extensive ~2,400km<sup>2</sup> land holding.

The exploration program continued with the same methodology as previous quarters. The focus was to advance the exploration activities in the northern tenement areas and investigate geological and geophysical features of interest. The field team finished the 8-month work campaign over the northern tenement area and demobilised from site in late October after completing all tasks. Soil and rock samples were selected for analysis and submitted to laboratories within the Perth region.

In total for the 2023 field season the company undertook the following:

- ~400 km<sup>2</sup> of outcrop geological prospecting and mapping, with over 50% of the outcrop visited in the Northern tenement area.
- 179 rock and 2568 soil sampling to generate new targets across under-explored regions.
- 271 stream sediment sampling in areas where no exploration has been undertaken.

The geochemical analytical work and other results will be reported when received. All field data and geochemical analyses work will be interpreted in the coming quarter to assist with design of the 2024 field programs.

 **Rand IRGS & REE Project**

Land access discussion associated with new areas of interest are progressing. No exploration work was conducted on the project during the last quarter.

 **Belgravia Cu-Au Porphyry Project**

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

 **Mac Well Project**

No work was conducted on the Project during the last quarter. Applications for future work program are awaiting regulatory approvals.

 **Turon Gold Project**

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

 **Corporate**

During the quarter the company raised \$1,600,000 (before costs) via a placement of 37,209,303 fully paid ordinary shares at an issue price of \$0.043 per share. Of these funds, \$600,000 is held via drilling equity credit with Topdrill; the drilling contractor that is undertaking the drilling over the King Tamba project.

The Company's Annual General Meeting was undertaken on the 30 November 2023 with all resolutions passed.

As at the end of the quarter the Company has \$2.3M cash.

**Exploration**

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$841k. Exploration during the Quarter comprised of Reverse Circulation drilling, laboratory analysis of soil, rock and drilling samples, preparation for 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 30 December 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.*

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

Date	Headline
25-Oct-23	Extension of Lithium Pegmatite Corridor at King Tamba
30-Oct-23	Quarterly Activities & Appendix 5B Report
31-Oct-23	Drilling Commenced at King Tamba
9-Nov-23	Thick Pegmatites Intersected at King Tamba
24-Nov-23	Lithium Exploration Drilling Expanded
29-Nov-23	Placement to Advance King Tamba Lithium Drilling
5-Dec-23	Phase 2 Lithium Drilling Commenced at King Tamba
21-Dec-23	Multiple Pegmatites Drilled at King Tamba

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

Project	Tenement Licence	Interest held at at 30 September 2023	Interest acquired/ disposed	Interest held at 31 December 2023
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	+	-	+

+ Tenement applications subject to grant



## 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 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(841)	(1,403)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(287)	(615)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	16
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>(1,121)</b>	<b>(2,002)</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	-	-
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	3,575
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	(53)	(215)
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 Net cash from / (used in) financing activities</b>	<b>947</b>	<b>3,360</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,484	952
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,121)	(2,002)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	947	3,360

## 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 (6 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>2,310</b>	<b>2,310</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	2,295	2,469
5.2	Call deposits	15	15
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>2,310</b>	<b>2,484</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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,121)
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)	(1,121)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,310
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,310
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.89
<p><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></p>		
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?	
	<p>Answer: Yes, However, the Company will apply its \$600k drill for equity credit with Topdrill (refer to ASX announcement 29 November 2023) against drilling costs associated with the 6,000m drill program completed in December 2023 and January 2024 at the King Tamba Project.</p>	
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?	
	<p>Answer: The Company will look to raise capital through its LR7.1 and/or LR7.1A capacity, as and when required. The Company has always been well supported in its capital raising initiatives and believes it would be successful in raising sufficient funds to continue with the planned level of operations.</p>	
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?	
	<p>Answer: Yes – for the reason noted in 8.8.2 above.</p>	
<p><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></p>		

## 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: **30 January 2024**

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.