

3 March 2020

Dale Allen
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Dear Dale

Krakatoa Resources Limited (the Company) – Response to ASX Price and Volume Query

We refer to your letter dated 3 March 2020 with respect to the ASX price and volume query and respond as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could be an explanation for recent trading in the securities of the Company.
2. Not applicable given our response to Question 1.
3. The Company has recently commenced drilling at its 100% owned Belgravia Project ("Project"), located in the central part of the Molong Volcanic Belt, Lachlan Fold Belt, NSW (announced to ASX on 25 February 2020). The Project is strategically located in Australia's best-known porphyry province, and contains the same rocks (Fairbridge Volcanics and Oakdale Formation) that respectively host the giant Cadia-Ridgeway mine 35km south and Alkane Resources Boda discovery 65km north. The drilling program is targeting three interpreted porphyries at the Bell Valley Target Area, where experienced porphyry geologist and mining engineer has noted zonation similar to Newcrest's Cadia East Mine (announced to ASX on 9 October 2019). The Company is pleased to report the drill program is progressing well, with the first batch of samples submitted to ALS Orange yesterday. Assay results are expected to be received in approximately 4-6 weeks from the date of submission. The Company also recently commenced an investor roadshow and has received increased investor interest. The Company is not aware of any other explanation for the recent trading in the securities of the Company.
4. The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1.
5. The Company confirms that the responses above have been approved by the board.

Yours faithfully



David Palumbo
Non-Executive Director and Company Secretary



ASX Code
KTA, KTAOC

Capital Structure

218,750,000 Fully Paid Shares
85,000,000 Options @ 5c exp 31/07/21
5,000,000 Options @ 7.5c exp 31/07/21
12,000,000 Options @ 10c exp 24/10/20

Directors

Colin Locke
David Palumbo
Timothy Hogan

Enquiries regarding this announcement can be directed to

Colin Locke
T. +61 457 289 582



3 March 2020

Reference:

Mr David Palumbo
Company Secretary

By email: david@miningcorporate.com.au

Dear Mr Palumbo

Krakatoa Resources Limited ('KTA'): Price Query

We note the change in the price of KTA's securities from a low of \$0.040 to a high of \$0.054 today.

We also note the significant increase in the volume of KTA's securities traded today, 3 March 2020.

Request for Information

In light of this, ASX asks KTA to respond separately to each of the following questions and requests for information:

1. Is KTA aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is KTA relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in KTA's securities would suggest to ASX that such information may have ceased to be confidential and therefore KTA may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that KTA may have for the recent trading in its securities?
4. Please confirm that KTA is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that KTA's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KTA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST today Tuesday, 3 March 2020**. If we do not have your response by then, ASX will likely suspend trading in KTA's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KTA's obligation is to disclose the

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to KTA’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KTA’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in KTA’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in KTA’s securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)