

Krakatoa Resources Limited
ACN 155 231 575
(Company)

Notice of General Meeting

**The General Meeting of the Company will be held at Level 11,
216 St Georges Terrace, Perth, Western Australia
on Wednesday, 8 April 2020 at 9.00am (WST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the
Company Secretary by telephone on (08) 9481 0389.**

Notice is hereby given the general meeting of Shareholders of Krakatoa Resources Limited will be held at the Offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Wednesday, 8 April 2020 at 9.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders on Monday, 6 April 2020 at 5.00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

1. Resolution 1 - Ratification of prior issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as **separate** ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issue of Placement Shares at \$0.03 per Share:

- (a) 26,250,000 Placement Shares under Listing Rule 7.1; and
- (b) 17,500,000 Placement Shares under Listing Rule 7.1A,

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person who participated in the issue of the Placement Shares, or any of their respective associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) A person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

BY ORDER OF THE BOARD

David Palumbo
Company Secretary
Krakatoa Resources Limited
4 March 2020

Krakatoa Resources Limited
ACN 155 231 575
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Wednesday, 8 April 2020 at 9.00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions.

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 - Ratification of prior issue of Placement Shares
Schedule 1	Definitions

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed);
- (ii) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie as directed); and
- (iv) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions unless, the Shareholder has expressly indicated a different voting intention.

3. Resolution 1 - Ratification of prior issue of Placement Shares

3.1 General

On 30 January 2020, the Company announced that it had received binding commitments for a placement (**Placement**) to raise approximately \$1,312,500 before costs by the issue of a total

of 43,750,000 ordinary shares at of \$0.03 each (**Placement Shares**) to sophisticated and professional investors (**Placement Participants**).

On 5 February 2020, the Company issued a total of 43,750,000 Placement Shares to Placement Participants using the Company's placement capacity under Listing Rules 7.1 and 7.1A to raise \$1,312,500 (before costs).

Resolution 1 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

Each of the resolutions which form part of Resolution 1 is an ordinary resolution.

The Board recommends that the Shareholders vote in favour of the resolutions which form part of Resolution 1.

3.2 **Listing Rules 7.1, 7.1A and 7.4**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 28 November 2019.

The Placement does not fit within any exceptions set out in Listing Rule 7.2 and, as the issue of the Placement Shares has not yet been ratified by the Company's Shareholders, it effectively uses up the 15% limit in Listing Rule 7.1 and the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of Placement.

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

The effect of Shareholders passing the resolutions which form part of Resolution 1 will be to restore the Company's ability to issue further Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

If the resolutions which form part of Resolution 1 are passed, the Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Placement.

If the resolutions which form part of Resolution 1 are not passed, the Placement will be included in the calculating the Company's 15% limit in Listing Rule 7.1 and 10% limit in Listing

Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Placement.

3.3 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5 the following information is provided in relation to the ratification of the Placement Shares.

- (a) a total of 43,750,000 Placement Shares were issued on 5 February 2020 as follows:
 - (i) 26,250,000 Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 17,500,000 Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Placement Shares were issued at \$0.03 per Share;
- (c) the Placement Shares were issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Placement Shares were issued to the Placement Participants, none of whom is a related party of the Company. An existing substantial shareholder of the Company, Mr Lafras Luitingh, participated in the Placement and received an allocation of 5 million shares, representing 2.9% of the Company's issued capital prior to the Placement. The Company used its existing networks (including brokers) to invite and select the Placement Participants. All Placement Participants were exempt investors under the Corporations Act, and no lead manager was used to undertake the Placement;
- (e) the proceeds from the issue of the Placement Shares are intended to be used towards the advancement of the Belgravia Project in New South Wales' Lachlan Fold Belt through drilling at the Bell Valley target area and generation of additional drill targets, exploration at the Turon Project and the Mt Clare Rare Earth Project, as well as for costs of the Placement and general working capital; and
- (f) a voting exclusion statement is included in the Notice.

Schedule 1 Definitions

In this Notice, words importing the singular include the plural and vice versa.

\$ or A\$	means Australian Dollars.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Company	means Krakatoa Resources Limited (ACN 155 231 575).
Constitution	means the constitution of the Company as at the date of the Meeting.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of general meeting.
Placement	has the meaning given in Section 3.1.
Placement Participants	means those parties participating in the Placement as described in section 3.3(d).
Placement Shares	means the 43,750,000 Shares issued on 5 February 2020 to the Placement Participants under the Placement.
Proxy Form	means the proxy form attached to the Notice.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).

Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Trading Day	has the meaning given in the Listing Rules.
WST	means Western Standard Time being the time in Perth, Western Australia.

Krakatoa Resources Limited

ABN 39 155 231 575



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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (WST) Monday, 6 April 2020**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Krakatoa Resources Limited hereby appoint

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the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Krakatoa Resources Limited to be held at the Offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Wednesday, 8 April 2020 at 9.00am (WST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1(a) Ratification of prior issue of 26,250,000 Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1(b) Ratification of prior issue of 17,500,000 Placement Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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Computershare

