

17 September 2020

Attn: Madeleine Green
ASX Compliance Pty Limited
Level 40 Central Park
152-158 St George's Tce
Perth WA 6000

Dear Madeleine

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

We refer to your letter dated 16 September 2020 with respect to the ASX price 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. As detailed in the ASX announcement dated 17 August 2020 and titled “Diamond Drill Program at Turon Gold Project Commenced”, the Company is currently diamond drill testing its exciting gold targets situated within the Box Ridge and Quartz Ridge line of workings at the Turon Gold Project in the Lachlan Fold Belt, NSW.

On 1 September 2020, the Company released the ASX announcement titled “Diamond Drill Program Update, Turon Gold Project, in which it stated that two diamond holes (BD001 and BD002) had been completed at the Britannia Mine, Box Ridge and the drill rig had been mobilised to Quartz Ridge to commence the first of five holes (QRD001 - QRD005). The timing for receipt of assays on BD001 and BD002 detailed in the announcement was estimated to be around 3 weeks.

The Company is pleased to advise that the drill program has continued to be progress smoothly and accordance with the timeframe estimate set out in the announcement dated 17 August 2020. At the time of writing, the final proposed hole QRD005 had commenced. This highly anticipated drillhole has been planned to test below the outstanding chip result of **1,535g/t gold** just south of Dead Horse Reef where past explorers report numerous significant gold grades from chip and mullock sampling, including 135g/t, 26g/t, 14.6g/t and 12.55g/t (see ASX announcements dated 25 November 2019 and 26 June 2020). The Company confirms that it is not aware of any new information or data that materially affects these results.



ASX Code
KTA, KTAOC

Capital Structure

250,950,000 Fully Paid Shares
82,800,000 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



The Company confirms that it is awaiting receipt of assay results for its first batch of drill holes BD001 - BD002 and QRD001 - QRD002 which are currently being assayed by ALS, Orange whilst QRD003 - QRD004 are currently being logged by the Company's consultants Rangott Mineral Exploration. Due to the increased exploration being undertaken in the Lachlan Fold Belt, the first batch of assay results from ALS are expected to be received in approximately 1-2 weeks following which the Company will complete its internal review processes before releasing to ASX.

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



16 September 2020

Mr David Palumbo
Company Secretary
Krakatoa Resources Limited

By email:

Dear Mr Palumbo

Krakatoa Resources Limited ('KTA'): Price - Query

ASX refers to the following:

- A. The change in the price of KTA's securities from a low of \$0.081 at the close of trade Tuesday 16 September 2020 to an intra high of \$0.105 today, Wednesday 16 September 2020.
- B. The significant increase in the volume of KTA's securities traded today, 16 September 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 **3:15 PM AWST Wednesday, 16 September 2020**. 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 and may require KTA to request a trading halt immediately.

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.

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 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.

Listing Rules 3.1 and 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.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Madeleine Green
Senior Adviser, Listings Compliance (Perth)