



& Controlled Entities

**Annual Report
For the year ended 30 June 2024**

**Krakatoa Resources Limited
& Controlled Entities**

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**Krakatoa Resources Limited
& Controlled Entities**

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

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Perth WA 6000
Tel: +61 8 9481 0389
Fax: +61 8 9463 6103
Email: admin@ktaresources.com
Web: <https://ktaresources.com>

CHIEF EXECUTIVE OFFICER

Mark Major

DIRECTORS

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

COMPANY SECRETARY

David Palumbo

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6000
Tel: +61 8 9323 2000
Fax: +61 8 9323 2033
Web: www.computershare.com.au

AUDITORS

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

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: KTA

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT

Your directors present the following report on Krakatoa Resources Limited (the "Company") and controlled entities (referred to hereafter as the "Group") for the financial year ended 30 June 2024.

DIRECTORS

The names of directors in office at any time during the financial year and up to the date of this report are:

- Colin Locke (Executive Chairman)
- Timothy Hogan (Non-Executive Director)
- David Palumbo (Non-Executive Director)

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

The following persons held the position of Company secretary during the financial year:

- David Palumbo

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the acquisition and exploration of resource-based projects.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$3,206,442 (2023: \$3,466,003).

FINANCIAL POSITION

As at 30 June 2024, the Group had a cash balance of \$1,314,206 (2023: \$951,702) and a net asset position of \$1,615,410 (2023: \$885,866).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial year ended 30 June 2024.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs occurred during the financial year.

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DIRECTORS' REPORT (CONT.)

REVIEW OF OPERATIONS

The Group is an ASX listed exploration and development company focussing on acquiring and exploring high-quality projects within the states of Western Australia and New South Wales. The operations strategy is to undertake systematic exploration with the potential to discover major deposits on these project areas which will either be advanced by the Company or in a partnership with a major mining company. During the financial period the company undertook significant exploration over the course of the 12 months which resulted in identifying several high priority geological targets in Western Australia. The Company also advanced the pathway for exploration on the New South Wales targets of interest, pathing the way for future exploration.

Details of the project specific exploration operations are provided below.

Mt Clere Project – Prospective for REE, Au and Base Metals +/- PGE

During the financial year, the Mt Clere Project tenements were explored for rare earth elements, gold and base metal occurrences. The project is located approximately 200km northwest of Meekatharra, within the Narryer Terrane located in the north-western margins of the Yilgarn Craton in Western Australia. The Narryer Terrane is thought to represent reworked remnants of greenstone sequences.

In previous reporting periods the Company discovered and drilled a major clay hosted rare earth mineral project (Tower project). This culminated in a maiden Mineral Resources estimate of an impressive 101Mt grading 849ppm total rare earth oxide (TREO); plus, the development of a substantial Exploration Target (see previous annual and half yearly reports).

The Company followed up on many of the regional surface geochemical exploration targets identified in previous Company exploration programs. The focus was to advance the exploration activities of regional stream geochemical areas and investigate geological and geophysical features of interest which may replicate the discovery success previously seen at Tower, while also investigating other commodity opportunities within the extensive land holding.

The field team finished an intensive 8-month work campaign over the areas of interest in 2023, with the following being undertaken:

- ~500 km² of outcrop geological prospecting and mapping, with over 50% of the outcrop visited to date.
- 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.

Of interested eight areas are considered to be anomalous and will be followed up in future exploration programs.

One such area, considered a priority for the company, are the Stone Tank and Bullbadger prospects (Figure 1) which are niobium and rare earth element gravity target which may be a hidden alkaline intrusive system such as a carbonatite.

After initial identification an initial reconnaissance soil sampling program competed in late 2023. This was followed by a more intensive grid spaced surface geochemical program where 450 soil samples were collected. The subsequent results highlighted zones of enriched known carbonatite pathfinder element (Nb-REE-Ti-P) signatures, which are encircled by an elevated U-Th-Cu-V zones (Figure 2).

A ground gravity survey was completed around the Stone Tank prospect late in the financial year. The survey was undertaken at an initial 1km station spacing and reduced to 250m station spacing over the areas which showed stronger amplitude gravity response (Figure 3).

These new ground gravity stations greatly improved the resolution and better defined the amplitudes of gravity anomaly patterns within the Stone Tank prospect area, and have assisted with target generation and ranking, modelling for future initial drill targeting. The modelling has defined two large priority targets and three smaller secondary targets.

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DIRECTORS' REPORT (CONT.)

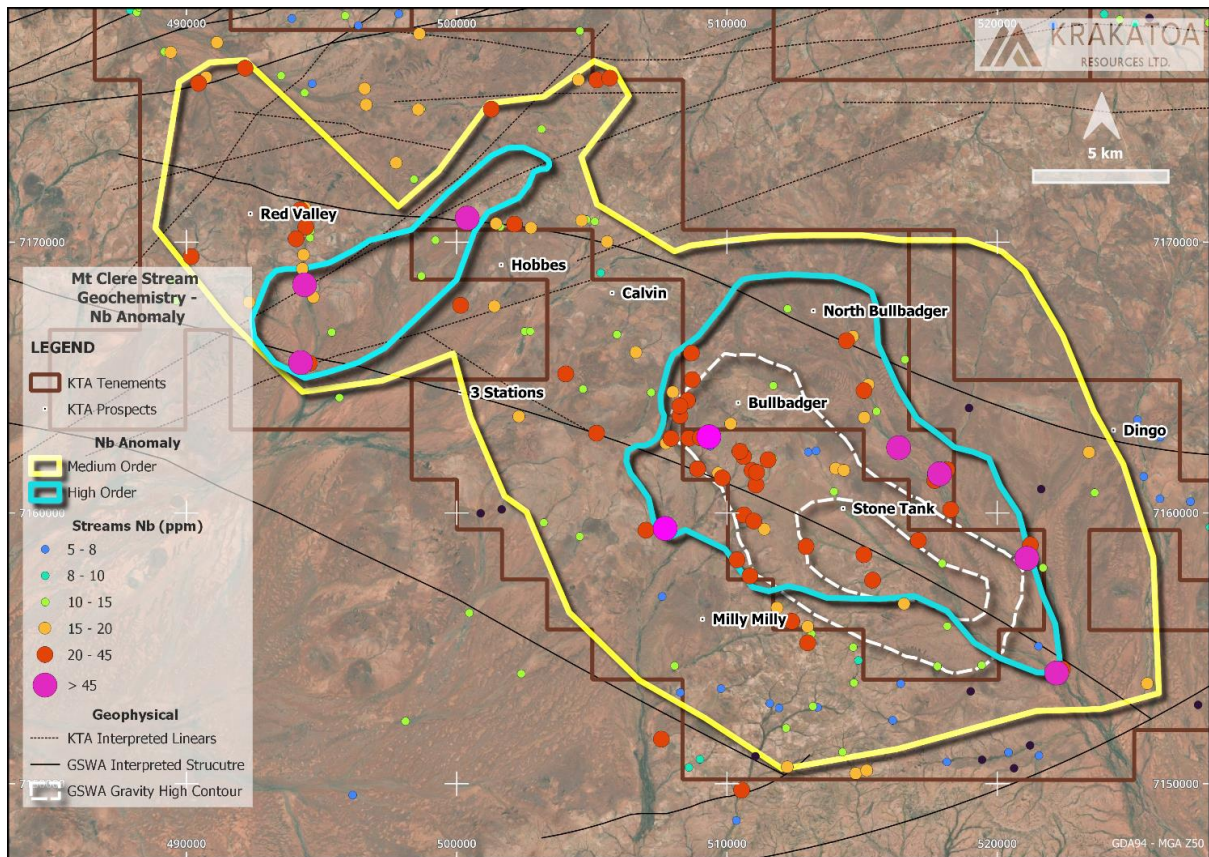


Figure 1: Overview of niobium (Nb) assay stream sediment results (dots) across the southern proportion of Krakatoa Resources Mt Clere tenements, overlain on satellite imagery showing the Nb catchment areas of interest and location of the regional gravity high outline (white dashed line).

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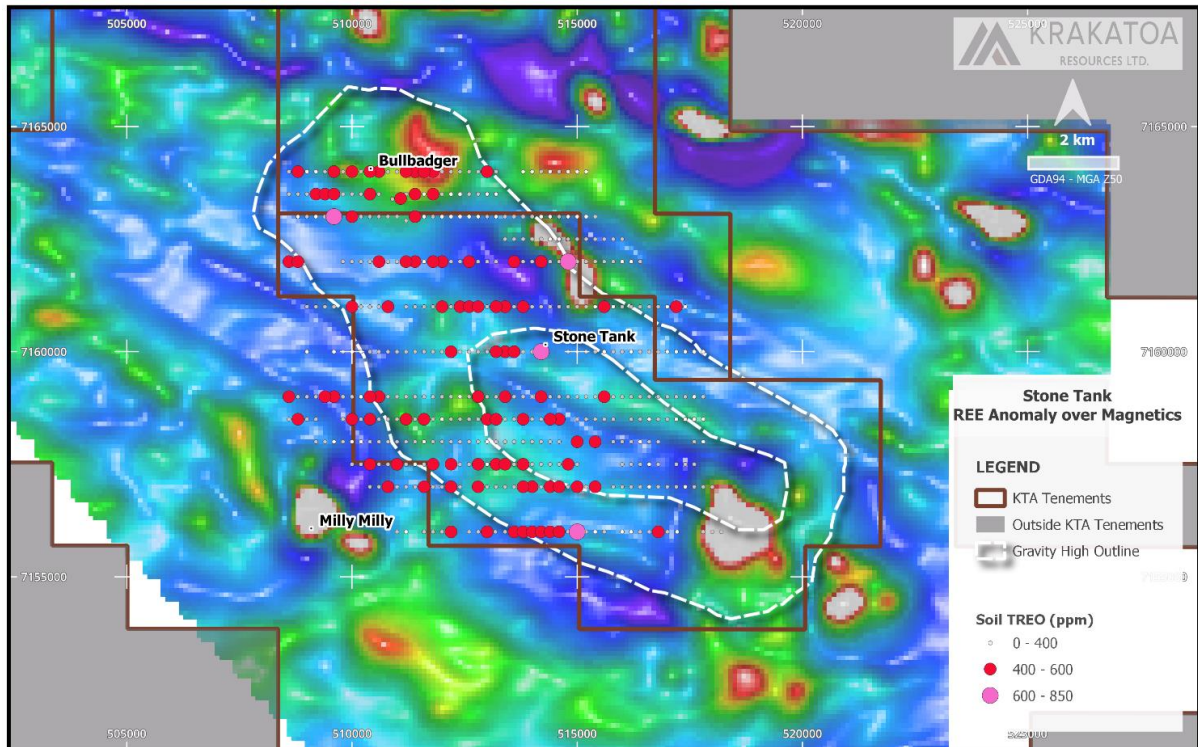


Figure 2: Image showing Stone Tank - Bullbadger anomalous TREO soil results over RTP magnetics with residual gravity high outline (MGA94 zone 55).

The larger and stronger amplitude gravity anomaly is identified as the Jagger target. It is an oblong shaped anomaly with an extensive lateral extent of 1.5km by 0.8km and characterised by a discrete and strong gravity response coincident with a highly magnetic feature, in a resistive zone adjacent to a strong conductor. The target is positioned within a topographical low and cut by a creek bed.

The second significant target is identified as the Richards target. This target is a more elongated gravity body around 1300m long by 450m wide body with a 800m long high density core. The target has limited coincident magnetic anomaly response and runs adjacent to a medium elevated magnetic ridge and is bound to the southern extent by magnetic low features which are interpreted as two key interpreted structural features. This area is a more resistive zone and is located on the northern edge of an intermittent dry creek bed.

A combined gravity and magnetic 3D inversion model has been created for the Jagger and Richards area (Figure 3) which has defined the Jagger gravity anomaly to be sourced by a dense "heart shaped" body coincident with a strong magnetic core, which may extend to over 1km in depth. The Richards anomaly located to the northwest has a dense plugging "kidney shape" core encapsulated within a less dense body which elongates parallel to the magnetic feature. Both targets are considered priority targets for drilling in future programs.

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DIRECTORS' REPORT (CONT.)

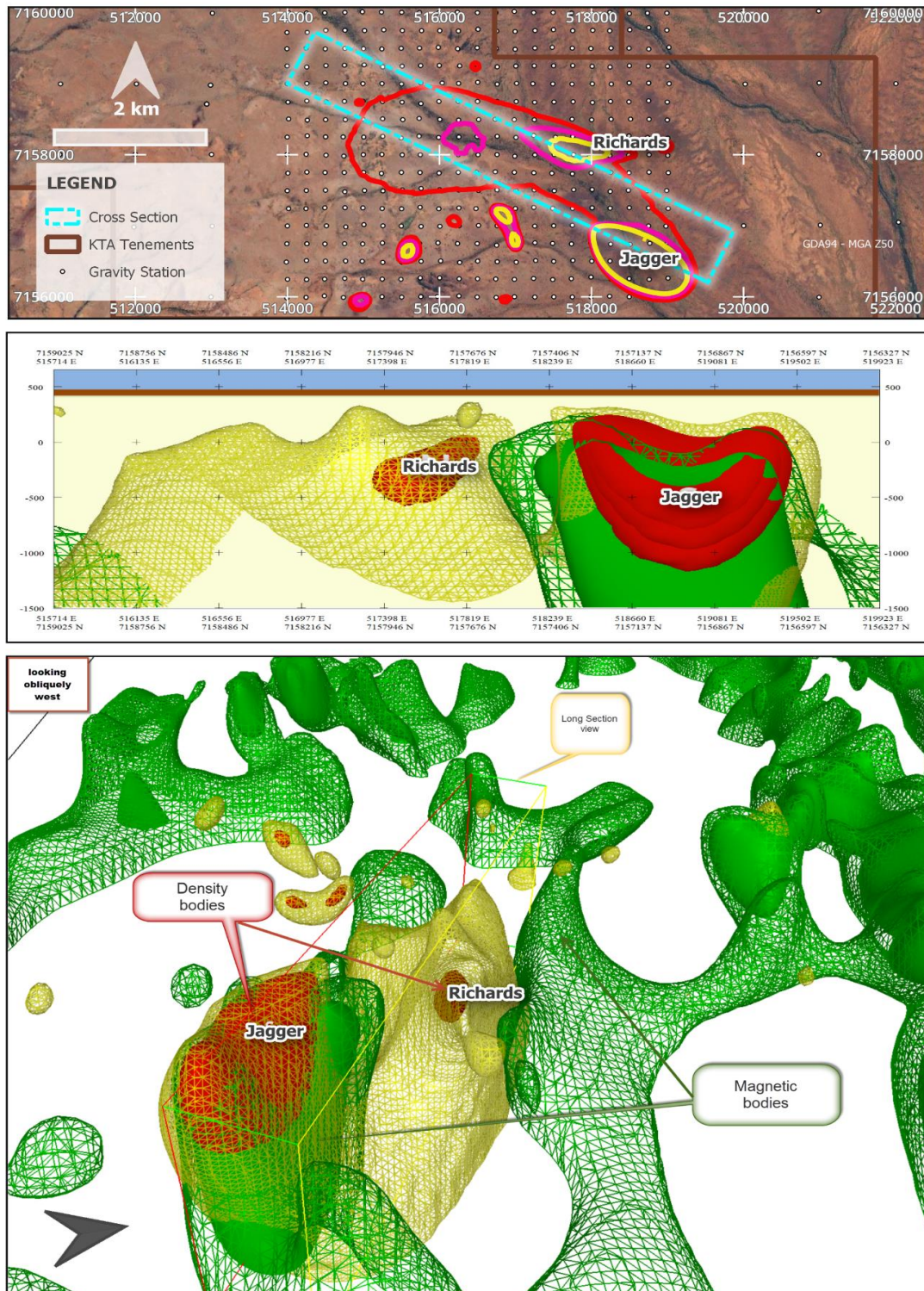


Figure 3: Top – Plan View, Middle – Cross section, Bottom – 3D Gravity and Magnetic Inversion Model. Schematics of the modelled gravity anomalies (total bouguer 2.67g/cc iso-surfaces, red>0.25g/cc, orange=0.13g/cc) combined with VRMI iso-surfaces (green mesh 0.1SI, green solid 0.2SI units).

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DIRECTORS' REPORT (CONT.)

King Tamba Project – Prospective for Ta, Rb, Nb, Sn, W, Li, +/- Base metals

The King Tamba Project (formerly known as Dalgaranga project) is located 80km northwest of Mount Magnet in Western Australia and lies within the Dalgaranga Greenstone Belt. The Dalgaranga Greenstone Belt is about 50km long and up to 20km wide and contains gold mineralisation (Dalgaranga gold mine), a zinc deposit (Lasoda), graphite deposits, and occurrences of tantalum, beryllium, tin, tungsten, lithium, and molybdenum related to LCT pegmatites.

During the period, the Company completed field mapping and confirmed the presence of additional anomalous critical metals during surface geochemical sampling programmes. Several high-grade rock samples were found (Wilson, Loader and MGM prospects) as well as a significant highly elevated LCT soil anomalism over a span of 1.3km by 0.5km zone within a broader enriched 3km LCT corridor (Figure 4).

The proceeding interpretation highlighted areas to be drill tested. This cumulated in the completion of two targeted reverse circulation (RC) drilling programs which were completed during the period. One under the high-grade rock prospects and the second over the extent of the soil anomaly.

The initial Phase 1 RC drilling program consisted of 16 holes, for 1806m of drilling; while Phase 2, 5966m of RC drilling was completed over 45 drill holes.

Majority of the holes drilled intersected pegmatites, some as thick as 39m.

Drilling intersected flat-lying pegmatites with multiply thick pegmatites of up to 39m thick in several zones, with significant mineralised intersections (Figure 1) of:

- 17m @ 0.24% Li₂O from 90m (DAL061)
- 7m @ 0.31% Li₂O from 3m (DAL042)
- 6m @ 0.20% Cs₂O from 7m (DAL042)
- 6m @ 0.25% Li₂O from 4m (DAL086)
- 1m @ 0.51% Li₂O from 74m (DAL046)
- 9m @ 605ppm Ta and 5m @ 305ppm Nb from 17m (DAL096)

A mineralised pegmatite remains open to the west (Figure 4).

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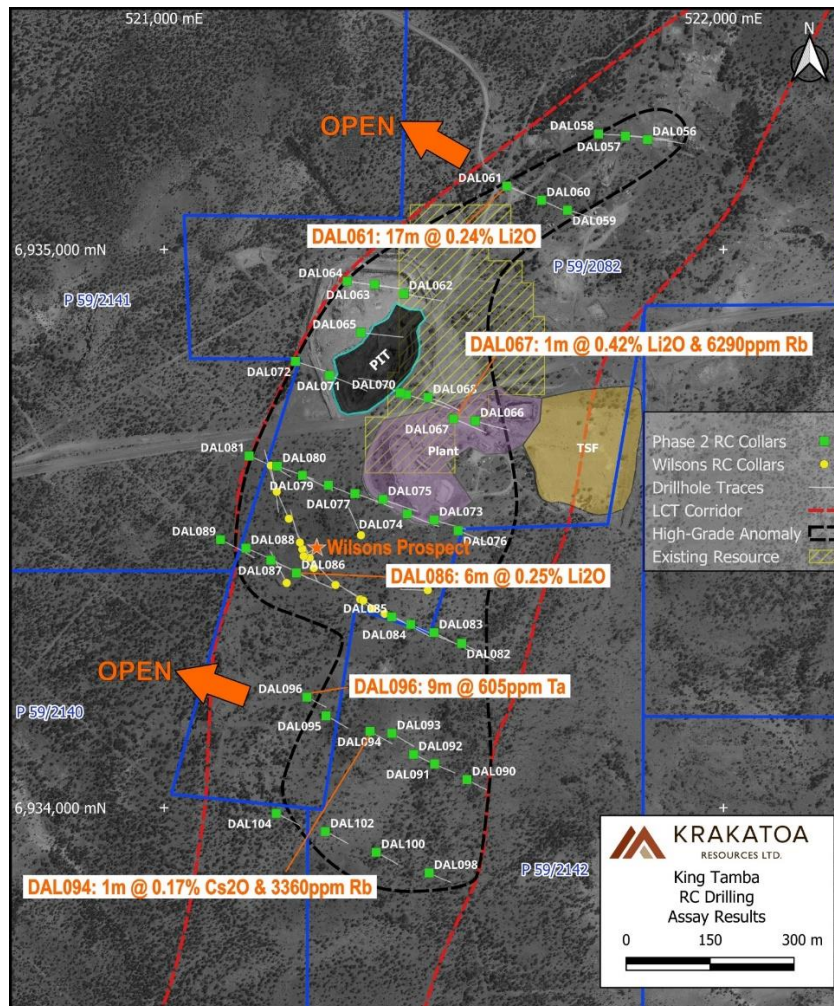


Figure 4: Location of Phase 1 (yellow) and 2 (green) drill holes completed during the period including those completed in January 2024; showing lithium in soil anomaly, and significant drill intersections.

Turon Project – Au, +/-Cu

The Turon Project covers an area of 120km². It is situated approximately 50km east of the Company's Belgravia Project and 60km northeast of Newcrest Mining's Cadia Valley Operations, in the Hill End Synclinal Zone, NSW. The geology at Turon bears many similarities in terms of host-rocks, structural and mineralisation-style to other high-grade turbidite-hosted gold deposits, including Fosterville in the Bendigo-Ballarat zone, central Victoria.

During the financial year the Company announced the results of some rock sampling which returned highly encouraging copper – gold grades from the southern areas of the Turon exploration lease.

Extensive historical alluvial (gold) workings occur within the area along with several hard rock workings for copper and gold. Although the main target style on EL8942 is orogenic/lode gold (Hill End Mine), there are also several intrusive-related targets yet to be examined.

Various rock samples collected from the Jews Creek area, were a historical copper mineralisation occurs on the margins of a Devonian quartz-rich, chlorite-altered intrusive, returned impressive values of 1.235g/t Au, 39.1g/t Ag, 10.45% Cu, 331ppm La, 45.3ppm Mo, 4850ppm Pb, 19.6ppm Sn and 1330ppm Zn (sample R1026) (Figure 5). The samples represent mullock samples of gossanous,

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veined and silicified igneous and metasedimentary rocks with abundant secondary Cu minerals (malachite, azurite, chrysocolla and possibly chalcocite).

All four samples returned over 2.2% Cu, averaging 4.83% Cu with a maximum of 10.45% (sample R1026; Figure 5); for Au, they averaged 0.500g/t with a maximum of 1.235g/t. Base and pathfinder metals indicative of an intrusive-related system were strongly anomalous in these rocks. Furthermore, the samples were also strongly anomalous in rare earth elements.

Several shallow prospecting pits located in the area have been excavated into the massive intrusive host rock. The causative intrusive, as defined (by the NSWGS) occurs over > 1km of strike and extends north into the adjacent property. The northern extent of the Jews Ck North was not field checked during the period and will be part of the future exploration efforts.

Other samples were taken to the south of Jews Creek at areas identified as Mt Rosette and dry creek. These samples were collected along the main ridgeline and 2 samples further northwest in the flats where an extensive quartz vein system occurs over several kilometers of strike. These pitted, sulfide-bearing sampled returned low gold values but were anomalous for pathfinders including As, Be and Sb. The main Mt Rosette adit and mineral occurrence associated with a reported gold-bearing quartz vein lies lower in the topography and was not visited during the year.

The Company endeavors to expand on this exploration efforts at Turon in the coming financial year. Past explorers report numerous significant gold grades from chip and mullock sampling along the length of the gold workings, including 1,535g/t, 135g/t, 26g/t, 14.6g/t, 12.55g/t and 11.3 g/t Au.

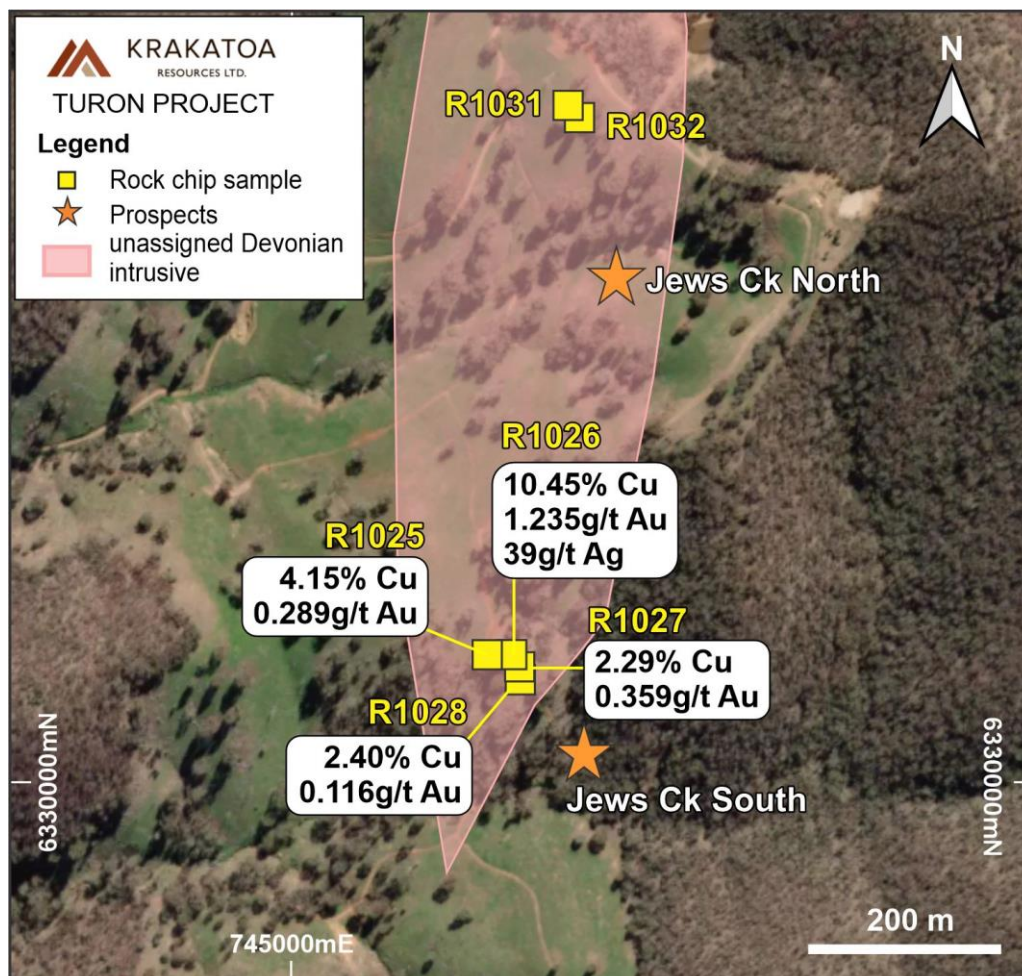


Figure 5: Jews Creek area showing interpreted intrusive and recent KTA rock-chip samples (MGA94 zone 55)

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Belgravia Project – Cu, Au,

The Belgravia Project covers an area of 80km² and is located in the central part of the Molong Volcanic Belt (MVB), Lachlan Fold Belt, NSW. It contains the same rocks (Fairbridge Volcanics and Oakdale Formation), or their lateral equivalents, that respectively host the giant Cadia-Ridgeway mine 35km south and Alkane Resources' Boda discovery 65km north. Historical exploration at Belgravia has failed to adequately consider the regolith and tertiary basalt (up to 40m thick) that obscures much of the prospective geology. The Project contains six targets (Figure 6) with considerable exploration potential for porphyry Cu-Au and associated skarn mineralisation.

During the reporting period the Company reviewed the eastern prospects and is looking to advance its exploration efforts in this zone over the course of the next few years.

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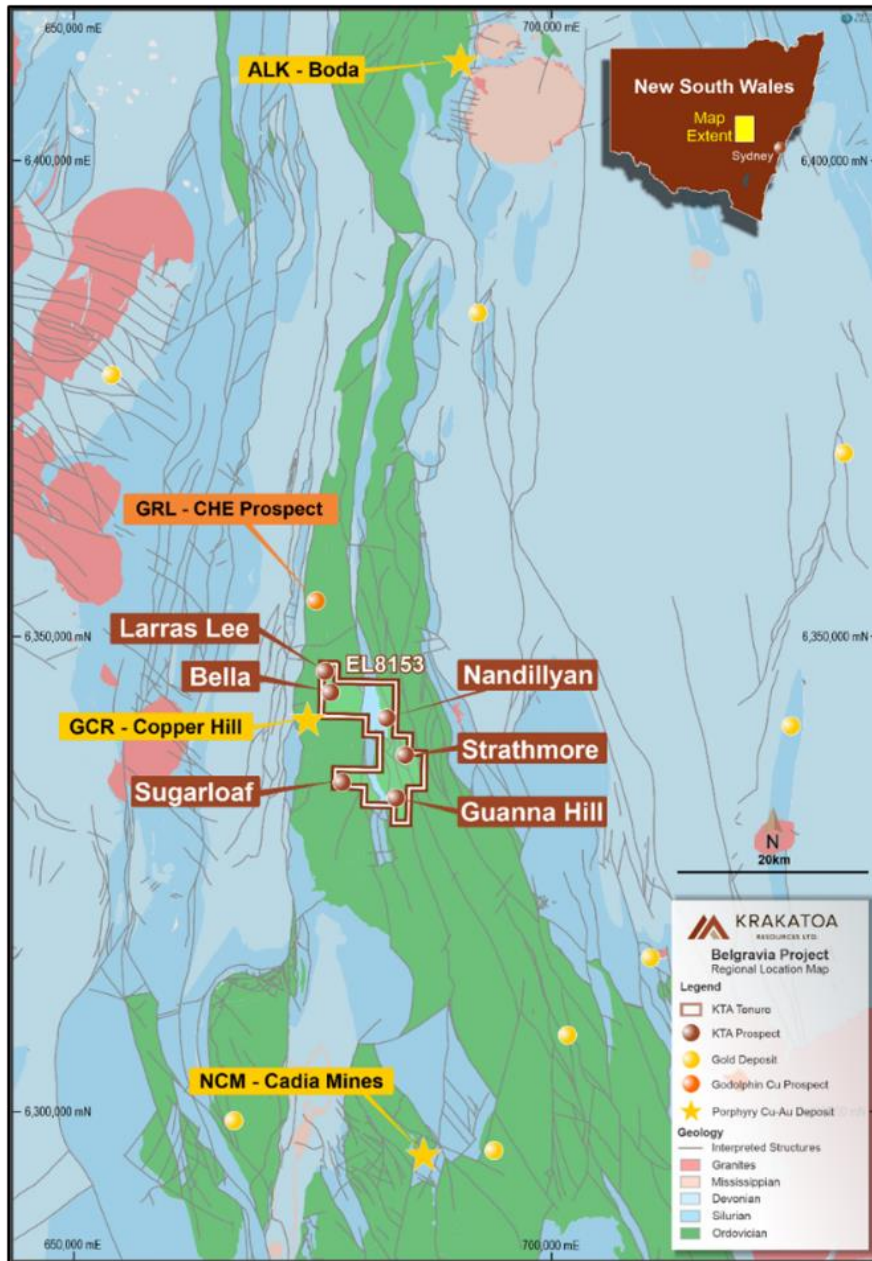


Figure 6 Belgravia project location map, prospects and major copper & gold mines and deposits on regional bedrock geology.

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DIRECTORS' REPORT (CONT.)

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.

The information in this report which relates to Mineral Resources for the Tower rare earth deposit is based upon and fairly represents information compiled by Mr Greg Jones who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Jones is a full-time employee of IHC Mining and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (ASX announcement dated 21 November 2022) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 21 November 2022) continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 21 November 2022).

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DIRECTORS' REPORT (CONT.)

INFORMATION ON DIRECTORS

Colin Locke

Executive Chairman

From 1984 to 1993, Colin Locke worked in the mining industry processing base and precious metals. During this time, he traded resource stocks and international futures contracts.

In 1993, Mr. Locke joined an Australian commodity and futures broking firm as an investment advisor and became a Director in 1994. In 1998 Mr. Locke founded a boutique Australian Financial Services firm and held the position of Managing Director from 1999 until 2010.

In 2007 Mr. Locke held the role of Corporate Advisor during the acquisition process for the Mayoko iron ore project in the Republic of Congo that was subsequently taken over in 2010 for circa AUD 50mi and later on sold for over 300mi.

From 2008, Mr. Locke focused on natural resources exploration pursuits through the Indonesian archipelago and founded Western Mining Network Ltd, (now Aston Minerals Limited, ASO) where he held the role of Executive Director from 2010 until 2012.

Mr. Locke brings to the board and shareholders a mining related background with business management and financial experience spanning over 30 years. He currently serves on the board of Rubix Resources Limited (ASX: RB6).

Interest in Securities

1,329,000 Fully paid ordinary shares

Directorships held in other listed entities

Rubix Resources Limited

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DIRECTORS' REPORT (CONT.)

Timothy Hogan

Non-Executive Director

Mr. Hogan has approximately 25 years' experience in the stockbroking industry in Australia, initially as a founding private client advisor at Hogan and Partners. Mr. Hogan has provided corporate and execution services for a wide variety of corporate and private clients.

Mr. Hogan is currently a Director of Barclay Wells Limited, a boutique advisory firm that specialises in Australian resource stocks and has assisted many companies from their initial capital raising and flotation on the ASX through to production. Mr. Hogan brings extensive experience and a wide range of contacts that will benefit the Company.

Interest in Securities

400,000 Fully paid ordinary shares

Directorships held in other listed entities

None

David Palumbo

Non-Executive Director & Company Secretary

Mr Palumbo is a Chartered Accountant and graduate of the Australian Institute of Company Directors with over fourteen years' experience across company secretarial, corporate advisory and financial management and reporting of ASX listed companies. Mr Palumbo is an employee of Mining Corporate Pty Ltd, where he has been actively involved in numerous corporate transactions. Mr Palumbo is currently a Non-Executive Director of Albion Resources Limited (ASX: ALB) and Rubix Resources Limited (RB6).

Interest in Securities

4,500,000 Fully paid ordinary shares

Directorships held in other listed entities

Albion Resources Limited
Rubix Resources Limited

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Krakatoa Resources Limited and for the executives receiving the highest remuneration.

Krakatoa Resources Limited

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DIRECTORS' REPORT (CONT.)

1. Employment Agreements

Mr Colin Locke has worked for the Group in an executive capacity as Executive Chairman since his appointment on 6 August 2015. Under the terms of his agreement, his remuneration is subject to annual review. Under the terms of his existing agreement, his remuneration is \$160,000 (plus superannuation). Under the terms of his agreement, Mr Locke received reimbursements for travel and other expenses related to his employment during the financial year. The executive agreement may be terminated by either party with 3 months' written notice.

Mark Major was appointed as Chief Executive Officer, effective from 14 October 2020. Under the terms of the executive agreement, Mr Major is entitled to receive a base salary of \$200,913 per annum (plus superannuation), which is subject to annual review and mandatory increases in superannuation legislation. The executive agreement may be terminated by either party with 3 months' written notice.

Appointments of non-executive directors Timothy Hogan and David Palumbo are formalised in the form of service agreements between themselves and the Group. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act 2001. Mr Hogan is entitled to \$40,000 per annum plus superannuation and Mr Palumbo is entitled to \$66,600 per annum including superannuation.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Use of Remuneration Consultants

During the financial year ended 30 June 2024, there was no use of remuneration consultants by the Group.

2. Remuneration policy

The Group's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of share options.
- Incentive paid in the form of share options are intended to align the interests of directors and Group with those of the shareholders.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

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DIRECTORS' REPORT (CONT.)

Executives are also entitled to participate in the employee share and option arrangements. All remuneration paid to directors and executives is valued at the cost to the Group and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology. The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to directors is \$300,000. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in the employee share option plan.

3. Performance-based remuneration

There were no performance-based incentives offered to the board or employees during the financial year.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 99.61% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

4. Details of remuneration for the year ended 30 June 2024

The remuneration for each director and key management personnel of the Group during the financial year ended 30 June 2024 and 30 June 2023 was as follows:

2024	Short-term Benefits	Post- employment Benefits	Other Long-term Benefits	Share based Payment		Total	Perfor- mance Related	Value of Options / Rights Re- muneration
Directors and Key Management Person	Cash, salary & commissions	Super- annuation	Other	Shares	Options / Rights			
	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	160,000	17,600	-	-	-	177,600	-	-
Timothy Hogan	40,000	4,400	-	-	-	44,400	-	-
David Palumbo	59,955	6,595	-	-	-	66,550	-	-
Mark Major	200,913	22,100	-	-	-	223,013	-	-
	460,868	50,695	-	-	-	511,563	-	-

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DIRECTORS' REPORT (CONT.)

2023	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related	Value of Options / Rights Remuneration
Directors and Key Management Person	Cash, salary & commissions	Super-annuation	Other	Shares	Options / Rights			
	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	160,000	16,800	-	-	-	176,800	-	-
Timothy Hogan	40,000	4,200	-	-	-	44,200	-	-
David Palumbo	60,000	6,300	-	-	-	66,300	-	-
Mark Major	200,913	21,096	-	-	-	222,009	-	-
	460,913	48,396	-	-	-	509,309	-	-

5. Equity holdings of key management personnel

Shareholdings

Number of shares held by key management personnel during the financial year ended 30 June 2024 was as follows:

2024	Balance 1.7.2023 No.	Received as Compensation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2024 No.
Directors and Key Management Person					
Colin Locke	1,129,000	-	-	200,000	1,329,000
Timothy Hogan	400,000	-	-	-	400,000
David Palumbo	4,000,000	-	-	500,000	4,500,000
Mark Major	-	-	-	-	-
Total	5,529,000	-	-	700,000	6,229,000

Option holdings

Number of options held by key management personnel during the financial year ended 30 June 2024 was as follows:

2024	Balance 1.7.2023 No.	Received as Compensation No.	Options Expired No.	Net Change Other No.	Balance 30.6.2024 No.
Directors and Key Management Person					
Colin Locke	4,000,000	-	(4,000,000)	-	-
Timothy Hogan	3,000,000	-	(3,000,000)	-	-
David Palumbo	2,100,000	-	(2,100,000)	-	-
Mark Major	10,000,000	-	(10,000,000)	-	-
Total	19,100,000	-	(19,100,000)	-	-

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

Share performance rights

Number of performance rights held by key management personnel during the financial year ended 30 June 2024 was as follows:

2024	Balance 1.7.2023 No.	Received as Compensation No.	Rights Expired No.	Net Change Other No.	Balance 30.6.2024 No.
Directors and Key Management Person					
Colin Locke	7,500,000	-	(7,500,000)	-	-
Timothy Hogan	-	-	-	-	-
David Palumbo	-	-	-	-	-
Mark Major	7,500,000	-	(7,500,000)	-	-
Total	15,000,000	-	(15,000,000)	-	-

6. Other transactions with key management personnel

During the previous financial year, the Company paid C29 Metals Limited (CEO Mark Major was an Executive Director) for the services of its Exploration Manager, per the Secondment Agreement, signed 18 January 2021.

The Company also receipted monies from C29 Metals, for the use of its office lease, and Plant and Equipment.

The Company also paid Albion Resources Limited (of which David Palumbo is a Non-Executive Director) for use of its office lease in the previous financial year, until the Company took assignment of the lease on 1 March 2023. The Company also receipted monies from Albion Resources for the secondment of its employee.

The Company receipted monies from Rubix Resources Limited (of which Colin Locke and David Palumbo are Non-Executive Directors) for use of the Company's office premises.

All transactions were made on normal commercial terms and conditions and at market rates.

	Consolidated	
	2024	2023
	\$	\$
The following transactions occurred with related parties:		
Payments to C29 Metals Limited for secondment services	-	19,578
Monies receipted from C29 Metals Limited	-	(3,560)
	<u>-</u>	<u>16,018</u>
Payments to Albion Resources Limited for use of its office lease	-	27,082
Receipts from Albion Resources Limited for secondment of employee	-	(401)
	<u>-</u>	<u>26,681</u>
Receipts from Rubix Resources Limited for use of KTA office premises	<u>11,014</u>	<u>6,559</u>
Current amount payable to Colin Locke for reimbursement of corporate costs	<u>-</u>	<u>6,317</u>

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

There were no other related party transactions during the year ended 30 June 2024 (2023: Nil).

7. Equity instruments granted as compensation

There were no equity instruments granted as compensation during the year.

8. Group Performance

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Sales revenue	-	-	-	-	-
EBITDA	(3,166,045)	(3,417,968)	(4,314,173)	(3,719,276)	(2,650,603)
EBIT	(3,201,510)	(3,458,145)	(4,318,516)	(3,719,276)	(2,650,603)
(Loss) after income tax	(3,206,442)	(3,466,003)	(4,318,516)	(3,719,276)	(2,650,603)

The factors that are considered to affect total shareholder return ("TSR") are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.013	0.024	0.047	0.048	0.038
Dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.71)	(1.00)	(1.43)	(1.38)	(1.47)

End of "Remuneration Report (Audited)"

Krakatoa Resources Limited

& Controlled Entities

DIRECTORS' REPORT (CONT.)

SHARES UNDER OPTION

There are no unissued ordinary shares of Krakatoa Resources Limited under option at the date of this report.

MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director are:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Colin Locke	5	5
Timothy Hogan	5	5
David Palumbo	5	5

EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

RISK MANAGEMENT

The Board of Directors review the key risks associated with conducting exploration and evaluation activities in Australia and steps to manage those risks. The key material risks faced by the Group include:

Exploration and development

The future value of the Group will depend on its ability to find and develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Group. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.

The Group is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.

Economic Conditions

Factors such as (but not limited to) political movements, stock market fluctuations, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, taxation changes and legislative or regulatory changes, may all have an adverse impact on operating costs, the value of the Group's projects, the profit margins from any potential development and the Company's share price.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

Reliance on key personnel

The Group's success is to a large extent dependent upon the retention of key personnel and the competencies of its directors, senior management, and personnel. The loss of one or more of the directors or senior management could have an adverse effect on the Group's. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Group would need to replace them which may not be possible if suitable candidates are not available.

Future funding risk

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Group.

Unforeseen expenditure risk

Exploration and evaluation expenditures and development expenditures may increase significantly above existing projected costs. Although the Group is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Group and its proposed business plans.

Environmental, weather & climate change

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes. Mining and exploration activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources.

Cyber Security and IT

The Group relies on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. Systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Group on any of its tenements. To date there have been no known breaches of any environmental obligations.

INDEMNIFYING AND INSURANCE OF OFFICERS

The Group has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Group agreed to indemnify each director against all loss and liability incurred as an officer of the Group, including all liability in defending any relevant proceedings.

The Group has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The disclosure of the amount of the premium is prohibited by the insurance policy.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

The following fees were paid or payable to the auditor for non-audit services provided during the year ended 30 June 2024:

	\$
— taxation services	1,000

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the non-audit services provided by the auditor do not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services provided undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Group who are former partners of RSM Australia partners.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors report.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327C of the Corporations Act 2001.

**Krakatoa Resources Limited
& Controlled Entities**

DIRECTORS' REPORT (CONT.)

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Colin Locke', with a stylized flourish at the end.

Colin Locke
Executive Chairman
Dated: 27 September 2024

RSM Australia Partners

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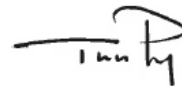
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Krakatoa Resources Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized handwritten signature of "RSM" in black ink.

RSM AUSTRALIA

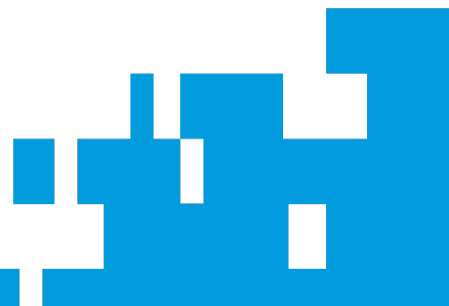
A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2024

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036
Liability limited by a scheme approved under Professional Standards Legislation



**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
Other income	2	39,335	21,246
Administration expense	2	(129,934)	(434,541)
Compliance and regulatory expense		(391,391)	(243,937)
Employee benefits expense	2	(349,647)	(306,846)
Exploration expenditure and project evaluation costs		(2,273,224)	(2,453,096)
Depreciation	2	(101,581)	(40,177)
Share based payment expense	14	-	(8,652)
Loss before income tax expense		(3,206,442)	(3,466,003)
Income tax expense	3	-	-
Loss after income tax for the year		(3,206,442)	(3,466,003)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(3,206,442)	(3,466,003)
Loss attributable to members of the parent entity		(3,206,442)	(3,466,003)
Basic and diluted loss per share (cents per share)	4	(0.71)	(1.00)

The accompanying notes form part of these financial statements.

**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,314,206	951,702
Trade and other receivables	6	31,898	48,297
Other Assets	7	193,385	26,262
TOTAL CURRENT ASSETS		<u>1,539,489</u>	<u>1,026,261</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	23,000	68,000
Plant and equipment	8	167,891	203,356
Right-of-use assets	9	62,685	89,725
TOTAL NON-CURRENT ASSETS		<u>253,576</u>	<u>361,081</u>
TOTAL ASSETS		<u>1,793,065</u>	<u>1,387,342</u>
CURRENT LIABILITIES			
Trade and other payables	10	86,016	383,584
Provisions	11	23,673	22,314
Lease liabilities	9	62,095	55,588
TOTAL CURRENT LIABILITIES		<u>171,784</u>	<u>461,486</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	5,871	39,990
TOTAL NON-CURRENT LIABILITIES		<u>5,871</u>	<u>39,990</u>
TOTAL LIABILITIES		<u>177,655</u>	<u>501,476</u>
NET ASSETS		<u>1,615,410</u>	<u>885,866</u>
EQUITY			
Issued capital	12	26,421,762	22,485,776
Reserves	13	-	3,301,922
Accumulated losses		<u>(24,806,352)</u>	<u>(24,901,832)</u>
TOTAL EQUITY		<u>1,615,410</u>	<u>885,866</u>

The accompanying notes form part of these financial statements.

**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2022		21,968,622	(21,435,829)	3,293,270	3,826,063
Loss for the year		-	(3,466,003)	-	(3,466,003)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(3,466,003)	-	(3,466,003)
<i>Transactions with owner directly recorded in equity</i>					
Shares issued during the year	12	560,000	-	-	560,000
Less: transaction costs arising from issue of shares	12	(42,846)	-	-	(42,846)
Share-based payments	14	-	-	8,652	8,652
Balance at 30 June 2023		22,485,776	(24,901,832)	3,301,922	885,866
Balance at 1 July 2023		22,485,776	(24,901,832)	3,301,922	885,866
Loss for the year		-	(3,206,442)	-	(3,206,442)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(3,206,442)	-	(3,206,442)
<i>Transactions with owner directly recorded in equity</i>					
Shares issued during the year	12	4,174,768	-	-	4,174,768
Less: transaction costs arising from issue of shares	12	(238,782)	-	-	(238,782)
Transfer from reserves for expired options and performance rights	14	-	3,301,922	(3,301,922)	-
Balance at 30 June 2024		26,421,762	(24,806,352)	-	1,615,410

The accompanying notes form part of these financial statements.

**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		654	216
Other income		25,980	21,030
Payments to suppliers and employees		(946,463)	(834,060)
Payment for exploration and evaluation expenditure and project evaluation costs		(1,982,034)	(2,873,895)
Lease interest repaid		(4,931)	(7,858)
Net cash used in operating activities	15	<u>(2,906,794)</u>	<u>(3,694,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		-	(78,351)
Net cash used in investing activities		<u>-</u>	<u>(78,351)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		3,574,768	560,000
Payment of transaction costs associated with capital raising		(238,782)	(42,846)
Lease repayments		(66,688)	(13,459)
Net cash provided by financing activities		<u>3,269,298</u>	<u>503,695</u>
Net increase/(decrease) in cash held		362,504	(3,269,223)
Cash at beginning of financial year		<u>951,702</u>	<u>4,220,925</u>
Cash at end of financial year	5	<u>1,314,206</u>	<u>951,702</u>

The accompanying notes form part of these financial statements.

Krakatoa Resources Limited

& Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION

These financial statements and notes represent those of Krakatoa Resources Limited (the "Company") and its controlled entities (the "Group" or "consolidated entity"). Krakatoa Resources Limited is a listed public Company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 27 September 2024 by the directors.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

All amounts are presented in Australian dollars unless otherwise stated.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (s).

Significant accounting policies

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that not yet mandatory have not been early adopted.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

Accounting Policies

a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

Income and expense of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

b) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring tenements, are expensed as incurred. Expensing exploration and evaluation expenditure as incurred is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

d) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

e) Impairment of Assets

At the end of each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST").

h) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group before the end of the financial period and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

l) Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Defined contribution superannuation expense

Contributions to defined contributions superannuation plans are in the period in which they are incurred.

Share-based payments

The consolidated entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

m) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

n) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p) Plant and Equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-10 years
---------------------	------------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

q) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION (CONT.)

s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

t) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

	2024 \$	2023 \$
NOTE 2: OTHER INCOME AND EXPENSES		
<i>Other income</i>		
Interest income	654	216
Other Income	38,681	21,030
	<u>39,335</u>	<u>21,246</u>

Loss before income tax from continuing operations includes the following specific expenses:

<i>Administration expense</i>		
Short-term lease payments	-	21,686
Bank charges	811	1,447
Interest charges paid/payable on lease liabilities	4,932	7,858
Net foreign exchange loss	13	656
Other administrative expenses	124,178	402,894
	<u>129,934</u>	<u>434,541</u>

<i>Employee benefits expense</i>		
Salaries and directors' fees	279,144	229,512
Defined contribution superannuation expense	70,503	77,334
	<u>349,647</u>	<u>306,846</u>

<i>Depreciation</i>		
Plant and equipment	35,465	26,718
Buildings right-of-use assets	66,116	13,459
	<u>101,581</u>	<u>40,177</u>

NOTE 3: INCOME TAX EXPENSE

a. Reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(3,206,442)	(3,466,003)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2023: 30%)	(961,933)	(1,039,801)
Increase/(decrease) in income tax due to:		
- Capital raising costs	(70,489)	(56,166)
- Losses and temporary differences not recognised	1,032,422	1,095,967
Income tax attributable to the Group	<u>-</u>	<u>-</u>
b. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30% (2023: 30%):		
Deferred tax assets have not been recognised in respect of the following:		
Tax revenue losses	<u>25,318,393</u>	<u>21,936,128</u>

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 3: INCOME TAX EXPENSE (CONT.)

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2024 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

	2024	2023
	\$	\$
NOTE 4: EARNINGS PER SHARE		
Loss used to calculate basic EPS	(3,206,442)	(3,466,003)
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	450,885,564	347,940,686
	Cents	Cents
Basic and diluted loss per share	(0.71)	(1.00)
	2024	2023
	\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	1,314,206	951,702
	1,314,206	951,702

NOTE 6: TRADE AND OTHER RECEIVABLES

<i>Current</i>		
GST receivable	18,834	48,297
Other receivables	13,064	
	31,898	48,297
<i>Non-Current</i>		
Other receivables	23,000	68,000
	23,000	68,000

Allowance for expected credit losses

The consolidated entity has not recognised a loss in respect of the expected credit losses for the year ended 30 June 2024 and 30 June 2023.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 7: OTHER ASSETS

	2024	2023
	\$	\$
Other assets	193,385	26,262
	<u>193,385</u>	<u>26,262</u>

NOTE 8: PLANT AND EQUIPMENT

Equipment at cost	234,416	234,416
Equipment – accumulated depreciation	(66,525)	(31,060)
	<u>167,891</u>	<u>203,356</u>

Equipment

Balance at the beginning of the year	203,356	151,723
Additions	-	78,351
Disposals	-	-
Depreciation	(35,465)	(26,718)
Balance at the end of the year	<u>167,891</u>	<u>203,356</u>

NOTE 9: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a. Right-of-use assets

Office lease at cost	103,184	103,184
Office lease – accumulated depreciation	(67,293)	(13,459)
Warehouse lease at cost	42,870	-
Warehouse lease – accumulated depreciation	(16,076)	-
	<u>62,685</u>	<u>89,725</u>

Leases

Balance at the beginning of the year	89,725	-
Additions	42,870	103,184
Depreciation	(69,910)	(13,459)
Balance at the end of the year	<u>62,685</u>	<u>89,725</u>

b. Lease Liabilities

Office Lease	<u>67,966</u>	<u>95,578</u>
Current	62,095	55,588
Non-Current	5,871	39,990
Total	<u>67,966</u>	<u>95,578</u>

Effective 1 March 2023, the Company signed an agreement with Albion Resources Limited to transfer their existing lease to Krakatoa for shared office premises at Level 4, 172 St Georges Terrace, Perth WA 6000, that Albion no longer utilises. There was under 12 months left on the lease.

Commencing 1 October 2023, the Company signed an agreement for a 24 month lease for a storage warehouse in East Victoria Park, WA, Australia. The agreement included standard commercial terms.

NOTE 10: TRADE AND OTHER PAYABLES

Trade payables and accrued expenses	86,016	383,584
	<u>86,016</u>	<u>383,584</u>

Trade creditors, excluding related party payables, are expected to be paid on 30-day terms.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11: PROVISIONS

	2024 \$	2023 \$
CURRENT		
Employee benefits	23,673	22,314
	23,673	22,314

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 12: ISSUED CAPITAL

	2024 No.	2024 \$	2023 No.	2023 \$
Fully paid ordinary shares with no par value	472,107,220	26,421,762	363,376,584	22,485,776
a) Ordinary shares				
At the beginning of reporting period	363,376,584	22,485,776	344,709,917	21,968,622
Shares issued during the year:				
- 28 April 2023 (i)	-	-	18,666,667	560,000
- 19 July 2023 (ii)	63,000,000	2,268,000	-	-
- 25 September 2023 (iii)	8,521,333	306,768	-	-
- 6 December 2023 (iv)	37,209,303	1,600,000	-	-
Less capital raising costs	-	(238,782)	-	(42,846)
Net share capital	472,107,220	26,421,762	363,376,584	22,485,776

- (i) 18,666,667 shares were issued on 28 April 2023 at an issue price of \$0.03 per share to raise \$560,000 before costs.
- (ii) On 19 July 2023, the Company issued 63,000,000 fully-paid ordinary shares at an issue price of \$0.036 per share to raise \$2,268,000 before costs.
- (iii) On 25 September 2023, the Company issued 8,521,333 fully-paid ordinary shares at an issue price of \$0.036 per share to raise \$306,768 before costs.
- (iv) On 6 December 2023, the Company issued 37,209,303 fully-paid ordinary shares at an issue price of \$0.043 per share to raise \$1,600,000 before costs. As part of the placement, \$600,000 was non-cash payment to Top Drill Pty Ltd for exploration service credits. As at the balance date 30 June 2024, the Company still had \$109,718 in exploration drilling service credits.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 12: ISSUED CAPITAL (CONT.)

Share buy-back

There is no current on-market share buy-back.

b) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The Group is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

	2024	2023
	\$	\$
Cash and cash equivalents	1,314,206	951,702
Trade and other receivables	31,898	48,297
Other assets	216,385	26,262
Trade and other payables	(86,016)	(383,584)
Provisions	(23,673)	(22,314)
Lease liabilities	(67,966)	(55,588)
Working capital position	1,384,834	564,775

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 13: RESERVES

	2024 \$	2023 \$
(a) Share based payment reserve	-	3,301,922
(b) Movement in share-based payment reserve	<i>No.</i>	<i>\$</i>
Balance at 1 July 2022	41,200,000	3,293,270
Options vested during the period	-	8,652
Balance at 30 June 2023	41,200,000	3,301,922
Balance at 1 July 2023	41,200,000	3,301,922
29 November 2023 (i)	(41,200,000)	-
Transfer of expired reserves to retained earnings	-	(3,301,922)
Balance at 30 June 2024	-	-

- (i) On 29 November 2023, the following options and Share Performance Rights expired/lapsed.
- 21,200,000 unlisted options exercisable at \$0.075 expired.
 - 5,000,000 unlisted options exercisable at \$0.15 expired.
 - 5,000,000 share performance rights with a vesting share price hurdle of \$0.20 lapsed.
 - 5,000,000 share performance rights with a vesting share price hurdle of \$0.30 lapsed.
 - 5,000,000 share performance rights with a vesting share price hurdle of \$0.40 lapsed.

NOTE 14: SHARE BASED PAYMENTS

Below is a summary of share-based payments made by the group:

	2024 \$	2023 \$
Employee options	-	8,652
	-	8,652

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

a) Options

There were no options issued during the financial year ended 30 June 2024 (2023: \$8,652 vested). All options issued in the previous financial periods lapsed, details per the below:

Set out below is a summary of options on issue (now expired) by the Group:

2024

Grant Date	Expiry Date	Exercise Price	Balance at the Start of the year	Granted	Exercised	Forfeited Other/Expired	Balance at the end of the year
30/11/2020	29/11/2023	0.075	15,000,000	-	-	(15,000,000)	-
15/01/2021	29/11/2023	0.075	1,200,000	-	-	(1,200,000)	-
2/08/2021	29/11/2023	0.075	5,000,000	-	-	(5,000,000)	-
29/04/2022	29/11/2023	0.15	5,000,000	-	-	(5,000,000)	-
			26,200,000	-	-	(26,200,000)	-
weighted average exercise price			0.09	-	-	-	0.00

2023

Grant Date	Expiry Date	Exercise Price	Balance at the Start of the year	Granted	Exercised	Forfeited Other/Expired	Balance at the end of the year
30/11/2020	29/11/2023	0.075	15,000,000	-	-	-	15,000,000
15/01/2021	29/11/2023	0.075	1,200,000	-	-	-	1,200,000
2/08/2021	29/11/2023	0.075	5,000,000	-	-	-	5,000,000
29/04/2022	29/11/2023	0.15	5,000,000	-	-	-	5,000,000
			26,200,000	-	-	-	26,200,000
weighted average exercise price			0.09	-	-	-	0.09

b) Performance Rights

On 30 November 2020, the Group issued 7,500,000 Performance Rights to the Group's CEO, Mark Major which vested on a pro-rata basis 12 months after his employment commenced which was on 14 October 2021. These Performance Rights vested in full during the 30 June 2022 (2022: \$82,182 in value vested) financial period and lapsed on 29 November 2023.

On 30 November 2020, the Group issued and 7,500,000 Performance Rights to Executive Chairman Colin Locke following shareholder approval at the Group's AGM. These Performance Rights were recognised in full during the 30 June 2021 financial period and lapsed on 29 November 2023.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

	2024 \$	2023 \$
NOTE 15: RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
Loss after income tax	(3,206,442)	(3,466,003)
Non-cash-flows in loss:		
Share based payments	-	8,652
Exploration drilling services (non-cash)	490,282	
Depreciation expense	101,581	40,177
Changes in assets and liabilities:		
Trade and other receivables	16,398	145,935
Other assets	(12,404)	43,335
Trade payables and accruals	(297,568)	(444,125)
Provisions	1,359	(22,538)
Cash flow used in operations	<u>(2,906,794)</u>	<u>(3,694,567)</u>

Non-Cash Investing & Financing Activities:

	2024 \$	2023 \$
Additions to the right-of-use assets	<u>42,870</u>	<u>103,184</u>

NOTE 16: REMUNERATION OF AUDITORS

	2024 \$	2023 \$
<i>Audit Services – RSM Australia Partners</i>		
Audit and review of the financial statements	<u>39,500</u>	<u>37,750</u>
<i>Other services – RSM Australia Pty Ltd</i>		
Preparation of tax return	<u>1,000</u>	<u>1,000</u>
	<u>40,500</u>	<u>38,750</u>

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration of Key Management Personnel

The totals of remuneration paid to the KMP of the Group during the year are as follows:

	2024 \$	2023 \$
Short-term employee benefits	460,868	460,913
Post-employment benefits	50,695	48,396
Share based payments	-	-
Total remuneration	<u>511,563</u>	<u>509,309</u>

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18: RELATED PARTY TRANSACTIONS

During the previous financial year, the Company paid C29 Metals Limited (CEO Mark Major was an Executive Director) for the services of its Exploration Manager, per the Secondment Agreement, signed 18 January 2021.

The Company also receipted monies from C29 Metals, for the use of its office lease, and Plant and Equipment.

The Company also paid Albion Resources Limited (of which David Palumbo is a Non-Executive Director) for use of its office lease in the previous financial year, until the Company took assignment of the lease on 1 March 2023. The Company also receipted monies from Albion Resources for the secondment of its employee.

The Company receipted monies from Rubix Resources Limited (of which Colin Locke and David Palumbo are Non-Executive Directors) for use of the Company's office premises.

All transactions were made on normal commercial terms and conditions and at market rates.

	Consolidated	
	2024	2023
	\$	\$
The following transactions occurred with related parties:		
Payments to C29 Metals Limited for secondment services	-	19,578
Monies receipted from C29 Metals Limited	-	(3,560)
	<u>-</u>	<u>16,018</u>
Payments to Albion Resources Limited for use of its office lease	-	27,082
Receipts from Albion Resources Limited for secondment of employee	-	(401)
	<u>-</u>	<u>26,681</u>
Receipts from Rubix Resources Limited for use of KTA office premises	<u>11,014</u>	<u>6,559</u>
Current amount payable to Colin Locke for reimbursement of corporate costs	<u>-</u>	<u>6,317</u>

There were no other related party transactions during the year ended 30 June 2024 (2023: Nil).

NOTE 19: CONTINGENT LIABILITIES

The Group has given bank guarantees at 30 June 2024 of \$15,132 in relation to the office lease (2023: \$15,132).

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date 30 June 2024.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Krakatoa Resources Limited

& Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 21: COMMITMENTS

In order to maintain current rights of tenure to Western Australia exploration tenements, the Group is required to perform minimum exploration requirements specified by the Department of Mines and Petroleum of \$938,940 (2023: \$875,440). The Group is able to reduce its tenure and commitment at its election.

In order to maintain current rights of tenure to the New South Wales exploration tenements, the Group is required to perform minimum exploration requirements specified by the NSW Resources Regulator of \$40,320 (2023: \$146,660).

The Group has no other commitments.

NOTE 22: CONTROLLED ENTITIES

		Equity Holding	Equity Holding
		2024	2023
		%	%
Country of Incorporation			
Subsidiaries of Krakatoa Resources Ltd:			
Krakatoa Australia Pty Ltd	Australia	100	100
Krakatoa Minerals Pty Ltd	Australia	100	100
Krakatoa Minerals – SMC Limited	Uganda	100	100
2634501 Ontario Limited	Canada	100	100

NOTE 23: PARENT ENTITY DISCLOSURES

Financial position

	2024	2023
	\$	\$
Assets		
Current assets	1,538,148	1,022,293
Non-current assets	230,576	293,081
Total assets	<u>1,768,724</u>	<u>1,315,374</u>
Liabilities		
Current liabilities	171,784	449,770
Non-current liabilities	5,871	39,990
Total liabilities	<u>177,655</u>	<u>489,760</u>
Equity		
Issued capital	26,421,761	22,485,776
Accumulated losses	(28,131,433)	(24,962,084)
Reserves	3,301,922	3,301,922
Total equity	<u>1,592,250</u>	<u>825,614</u>

Financial performance

	2024	2023
	\$	\$
(Loss) for the year	<u>(3,170,530)</u>	<u>(3,429,629)</u>
Total comprehensive (loss) for the year	<u>(3,170,530)</u>	<u>(3,429,629)</u>

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Guarantees and Contingencies:

Krakatoa Resources Limited entered into a bank guarantees in relation to its office lease (refer to Note 19). The Company has not entered into any other guarantees in the current or previous financial year.

Other Commitments:

Krakatoa Resources Limited has no commitment to acquire property, plant and equipment (Note 21).

NOTE 24: OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the year ended 30 June 2024, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

The Group is domiciled in Australia. All revenue from external customers are only generated from Australia. No revenues were derived from a single external customer.

NOTE 25: FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

Credit risk (cont.)

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA Rated financial institutions.

The credit risk for counterparties included in cash and cash equivalents at 30 June 2023 is detailed below:

	2024 \$	2023 \$
Financial assets:		
Cash and cash equivalents		
- AA rated counterparties	1,314,206	951,702

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2024	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	86,016	-	-	-	86,016
<i>Interest-bearing - fixed rate</i>						
Lease liability – Office	5.40%	39,990	-	-	-	39,990
Lease liability - Warehouse	7.94%	22,105	5,871	-	-	27,976
Total non- derivatives		148,111	-	-	-	148,111

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

Liquidity risk (Cont.)

Remaining contractual maturities (cont.)

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2023	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	383,584	-	-	-	383,584
<i>Interest-bearing - fixed rate</i>						
Lease liability	5.40%	55,588	39,990	-	-	95,578
Total non-derivatives		439,172	39,990	-	-	479,162

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group does not have any exposure to interest rate risk as there were no external borrowings at 30 June 2024 (2023: Nil). Interest bearing assets are all short-term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

NOTE 26: DIVIDENDS

There were no dividends declared or paid by the Company during the year, and no dividend is recommended (2023: nil).

**Krakatoa Resources Limited
& Controlled Entities**

**Consolidated Entity Disclosure Statement
As at 30 June 2024**

Name of entity	Body corporate, partnership, or trust	Ownership interest (%) as at 30 June 2024	Country of incorporation	Tax residency	Foreign tax jurisdiction(s) of foreign residents
Krakatoa Resources Limited	Body Corporate	n/a	Australia	Australian	n/a
Krakatoa Australia Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Krakatoa Minerals Pty Ltd	Body Corporate	100	Australia	Australia	n/a
Krakatoa Minerals – SMC Limited	Body Corporate	100	Uganda	Foreign	Uganda
2634501 Ontario Limited	Body Corporate	100	Canada	Foreign	Canada

The Company includes the Consolidated Entity Disclosure Statement in line with S295(3A(a)) of the *Corporations Act 2001*.

**Krakatoa Resources Limited
& Controlled Entities**

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- The information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board



Colin Locke
Executive Chairman

Dated: 27 September 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRAKATOA RESOURCES LIMITED

Opinion

We have audited the financial report of Krakatoa Limited (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed this matter
Exploration expenditure and project evaluation costs <i>Refer to consolidated statement of profit or loss and other comprehensive income</i>	
The Group incurred exploration expenditure and project evaluation costs of \$2,273,224 during the year ended 30 June 2024. In accordance with its accounting policy, the Group expenses these costs as incurred. We considered this to be a key audit matter because it is the Group's most significant item in the consolidated statement of profit or loss and other comprehensive income.	Our audit procedures included; - Assessing whether the Group's accounting policy for exploration expenditure and project evaluation costs is in compliance with Australia Accounting Standards; - Obtaining evidence that the right to tenure of the exploration areas of interests are valid; and - On a sample basis, agreeing exploration expenditure and project evaluation costs to supporting documentation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

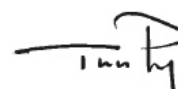
In our opinion, the Remuneration Report of Krakatoa Resources Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten-style signature of the letters 'RSM'.

RSM AUSTRALIA

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, Western Australia
Dated: 27 September 2024



Krakatoa Resources Limited & Controlled Entities

ASX INFORMATION AS AT 23 SEPTEMBER 2024

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 23 September 2024.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares

As at 23 September 2024, there were 2,204 shareholders holding a total of 472,107,220 fully paid ordinary shares.

Options

As at 23 September 2024, there were no Options on issue.

Share Performance Rights

As at 23 September 2024, there were no Share Performance Rights on issue.

b. Distribution of Equity Securities

Fully paid ordinary shares Category (size of holding)	Number (as at 23 September 2024)	
	Shareholders	Ordinary Shares
1 – 1,000	96	9,264
1,001 – 5,000	47	199,721
5,001 – 10,000	264	2,311,699
10,001 – 100,000	1,169	51,156,166
100,001 – and over	628	418,430,370
	2,204	472,107,220

The number of shareholdings held in less than marketable parcels is 1,105 shareholders amounting to 19,330,739 shares.

c. The names of substantial shareholders listed in the company's register as at 23 September 2024 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
Lafras Luitingh	52,038,182	11.01%
Helmsdale Investments Pty Ltd	25,545,834	5.62%

d. Voting Rights

The voting rights attached to the ordinary shares are as follows:

Krakatoa Resources Limited & Controlled Entities

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 23 September 2024 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	MR LAFRAS LUITINGH	52,038,182	11.02
2	HELMSDALE INVESTMENTS PTY LTD	26,545,834	5.62
3	MR GRAHAM GEOFFREY WALKER	10,300,000	2.18
4	CITICORP NOMINEES PTY LIMITED	9,537,500	2.02
5	SUNSEEKER ENTERPRISES PTY LTD <THE MARANO FAMILY 2 A/C>	6,445,000	1.37
6	LDU PTY LTD <VESTY SUPER FUND A/C>	5,751,154	1.22
7	MRS SALLY JUDITH MARANO	5,000,000	1.06
8	SENESCHAL (WA) PTY LTD <WINSTON SCOTNEY FAMILY S A/C>	5,000,000	1.06
9	KLINGBIEL HOLDINGS PTY LTD <JAK SUPER FUND A/C>	4,132,141	0.88
10	SANCOAST PTY LTD	4,000,000	0.85
11	MR TIMOTHY DONALD WAINWRIGHT	4,000,000	0.85
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,794,240	0.80
13	MRS MEILY DAHLIA EVIANA	3,750,000	0.79
14	PROF YEW KWANG NG	3,500,000	0.74
15	MR NATHAN ROGERS	3,260,520	0.69
15	KEBIN NOMINEES PTY LTD	3,199,118	0.68
15	HONNAMMA PTY LTD	3,000,000	0.64
18	SUNSEEKER ENTERPRISES PTY LTD <THE MARANO FAMILY A/C>	3,000,000	0.64
19	MR PETER MURRAY HOFFMAN	2,653,212	0.56
20	MR DAMIEN MICHAEL ANTHONY TRINDER	2,622,864	0.56
		161,529,765	34.23

2. The name of the company secretary is David Palumbo.

3. The address of the principal registered office in Australia is:
Level 8, 216 St Georges Terrace Perth WA 6000

4. Registers of securities are held at the following address:
Computershare Investor Services Pty Ltd, Level 17, 221 St Georges Terrace, Perth WA 6000

5. Stock Exchange Listing
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

**Krakatoa Resources Limited
& Controlled Entities**

**SCHEDULE OF MINERAL TENEMENTS
AS AT 26 SEPTEMBER 2024**

<i>Project</i>	<i>Tenement</i>	<i>Interest held by Krakatoa Resources Limited</i>
Belgravia	EL8153	100%
Turon	EL8942	100%
Rand	EL9000	100%
Rand	EL9276	100%
Rand	EL9277	100%
Rand	EL9366	100%
Mt Clere	E09/2357	100%
Mt Clere	E52/3730	100%
Mt Clere	E52/3731	100%
Mt Clere	E52/3836	100%
Mt Clere	E52/3873	100%
Mt Clere	E52/3876	100%
Mt Clere	E52/3877	100%
Mt Clere	E51/1994	100%
Mt Clere	E52/3938	100%
Mt Clere	E52/3962	100%
Mt Clere	E52/3972	100%
Mac Well	E59/2175	100%
King Tamba	P59/2082	100%
King Tamba	P59/2140	100%
King Tamba	P59/2141	100%
King Tamba	P59/2142	100%
King Tamba	E59/2389	100%
King Tamba	E59/2503	-

All tenements not indicated as 100% owned are under application.