



KRAKATOA

RESOURCES LTD.

& Controlled Entities

**Annual Report
For the year ended 30 June 2020**

**Krakatoa Resources Limited
& Controlled Entities**

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**Krakatoa Resources Limited
& Controlled Entities**

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

Level 11, 216 St Georges Terrace

Perth WA 6000

Tel: +61 8 9481 0389

Fax: +61 8 9463 6103

Email: admin@ktaresources.com

Web: <https://ktaresources.com>

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 11, 172 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 2020.

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 \$2,650,603 (2019: \$739,390).

FINANCIAL POSITION

As at 30 June 2020, the Group had a cash balance of \$686,170 (2019: \$407,285) and a net asset position of \$478,986 (2019: \$250,767).

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 2020.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

REVIEW OF OPERATIONS

During the financial period, the Company pivoted its activities towards the Belgravia Project and identifying targets in Australia's best known porphyry jurisdiction – the Lachlan Fold Belt, NSW.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

Belgravia Project

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 with considerable exploration potential for porphyry Cu-Au and associated skarn mineralisation.

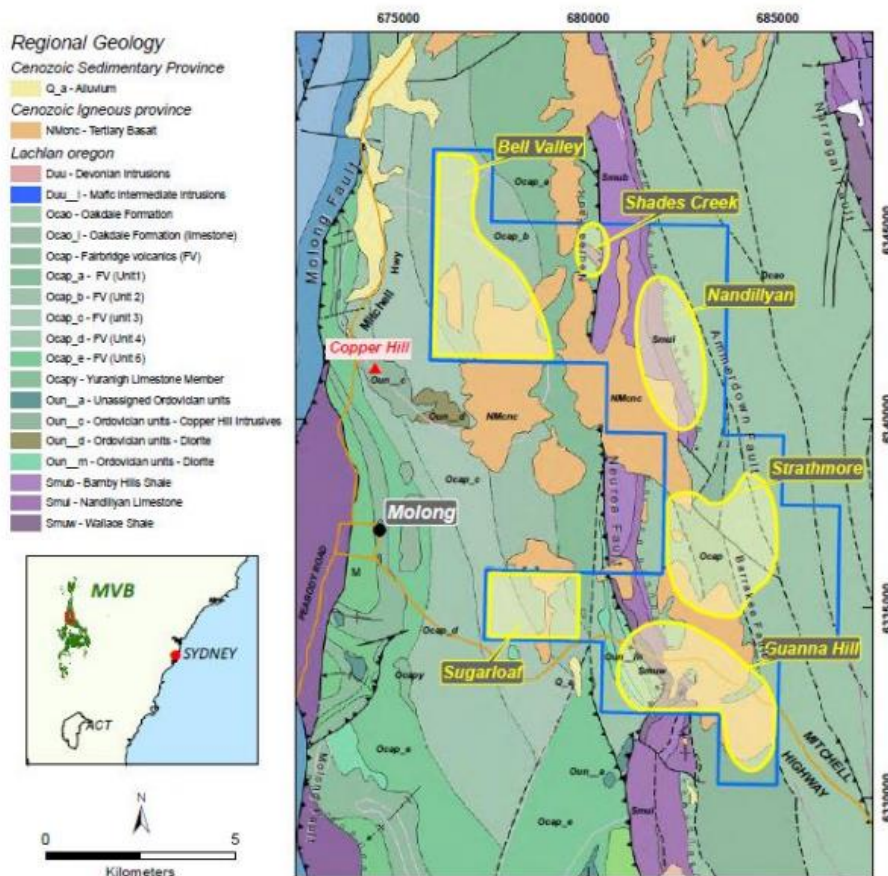


Figure 1: Belgravia Exploration Target Areas

On 5 December 2019, the Company completed the acquisition of the Belgravia Project, with all conditions precedent being satisfied. The Company paid AUD\$300,000, issued 10,000,000 fully paid ordinary shares and executed a deed for the 1% Net Smelter Royalty as consideration for the acquisition of the Project.

Aircore program – Belgravia Project, Bell Valley Target Area

Gold and multielement assay results from the aircore drilling program were announced on 22 April 2020 and interpreted to have further heightened the prospectivity of the Bell Valley area. Among findings were two gold highs, 0.192 ppm Au and 0.187 ppm Au occur in lenses of quartz-rich gravels located beneath tertiary basalt.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

Aeromagnetic survey

The March 2020 quarter commenced with the Company receiving the results from the drone aeromagnetic survey on the Bell Valley Target Area completed in late 2019. Results identified several magnetic and structural features with geological similarity to the adjacent Copper Hill and Cadia Valley copper-gold deposits.

Successful outcomes from the high-resolution drone survey at Bell Valley saw the Company swiftly complete a high-resolution aeromagnetic survey across the entire Belgravia Project

DGPR program – Belgravia Project, Bell Valley Target Area

A deep ground penetrating radar ("DGPR") survey was completed during the June 2020 quarter at Belgravia. The objective was to map the sub-surface geology and provide evidence of favourable hosting environments for mineralisation.

DGPR results for Bell Valley were announced after the period end with several anomalous zones revealed.

The Company considers the economic potential for copper-gold mineralisation associated with a porphyry in the Bell Valley area may lie at depth (>200m) and the DGPR supports high-grade copper-gold veins potentially extending upwards from a porphyry source forming a secondary target at shallower levels.

DGPR program – Belgravia Project, Sugarloaf Target Area

A DGPR survey totalling 5,810m across 5 lines at Sugarloaf was completed during the June 2020 quarter. The DGPR identified seven anomalies, forming two separate polygons striking over 900m and 500m respectively. The DGPR results support the previously recognised prospectivity and solidifies the area as drill-ready.

Turon Project

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.

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. The outstanding chip result of 1,535g/t gold lies south of Dead Horse Reef and remains untested by drilling.

DGPR program – Turon Project, Britannia Mine

The DGPR survey completed in the June 2020 quarter at Britannia comprised eight lines for 3,448 metres. Interpretation across Britannia prospect identified two critical DGPR anomalies thought to coincide with structurally controlled quartz veining. Their relative depth distinguishes the anomalies with a shallower anomaly that directly corresponds with the historic Britannia workings, and a deeper anomaly offset from the known mineralisation which remains untested.

Proposed drill program - Turon

Quartz Ridge and Box Ridge at Turon represent exciting shallow exploitable opportunities for the Company where multiple walk-up drill targets with significant historical gold tenor are known.

Rand Project

The Company procured the Rand Project through direct license application, In the June quarter 2020. The project includes four contiguous exploration licence applications, covers a combined area of 580km², and is located approximately 60km NNW of Albury in southern NSW. The Project contains a 40km structural corridor with the prospective geology largely masked by colluvium. Gold mineralisation is associated with emplacement of the I-type Jindera granite, which is mostly captured by project.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

Mt Clere Rare Earth Project

The Mt Clere Rare Earth Project comprises four tenement applications covering a total area of 1,153km², located approximately 200km northwest of Meekatharra, within the Gascoyne Region of Western Australia.

Previous exploration programs were completed by BHP, Astro Mining NL, and All-Star Resources Plc, all of which delineated numerous prospective areas for thorium and REE mineralisation (refer to ASX announcement dated 19 June 2019). However, no field work was conducted in the second half of the 2020 financial year.

Dalgaranga Project

The 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 pegmatites. No work was conducted on the Dalgaranga Project during the June 2020 quarter.

The Company has concluded that the Dalgaranga Project is prospective for base metal mineralisation, as it lies along strike from the Lasoda VMS mineralisation, contains the right rocks (west of the knotted schists exposed in the open pit) and contains an EM conductor in the south of the property that is, in-turn, supported by coincident lead soil geochemistry.

Mac Well Project

The Mac Well Project has a land area of 66.9km² and is located 10km west of the Company's Dalgaranga Project. The Project contains a 7.5km strike along the prospective Warda Warra greenstone belt, mostly untested due to a thick transported cover. The Company considers favourable structural conditions for gold mineralisation are likely within the Mac Well tenement, acknowledging the significance and prospectivity of the western granite-greenstone contact, as evidenced by the Western Queen Mine.

During the year, the Company submitted 9 samples for micro analysis and completed a short field program, confirming the widespread occurrences of ultramafic and gabbroic rocks in areas previously mapped as granite or alluvium/colluvium.

Krakatoa Resources Limited & Controlled Entities

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 European Cobalt, EUC) 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.

Interest in Securities

129,000 Fully paid ordinary shares
7,000,000 options exercisable at \$0.05 on or before 31 July 2021
4,000,000 options exercisable at \$0.10 on or before 24 October 2020

Directorships held in other listed entities

None

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

6,000,000 options exercisable at \$0.05 on or before 31 July 2021
4,000,000 options exercisable at \$0.10 on or before 24 October 2020

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

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 Kaiser Reef Limited (ASX: KAU).

Interest in Securities

501,500 Fully paid ordinary shares
2,539,389 options exercisable at \$0.05 on or before 31 July 2021
2,000,000 options exercisable at \$0.10 on or before 24 October 2020

Directorships held in other listed entities

None

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.

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 the executive agreement, Mr Locke's total remuneration package is currently \$144,000 (increased from \$60,000 from 1 October 2019). A \$24,000 travel allowance was also paid during the year to cover associated costs. An additional \$5,000 was paid in September before the increased remuneration package to recognise the increased workload. 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 currently entitled to receive directors' fees of \$30,000 plus superannuation (decreased from \$60,000 from 1 February 2020) and Mr Palumbo is currently entitled to receive directors' fees of \$60,000 per annum.

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.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

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.

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 is currently no performance-based remuneration policy in place.

4. Details of remuneration for the year ended 30 June 2020

The remuneration for each key management personnel of the Group during the financial year ended 30 June 2020 and 30 June 2019 was as follows:

2020	Short-term Benefits	Post- employment Benefits	Other Long- term Benefits	Share based Payment		Total	Perfor- mance Related	Value of Options Re- muneration
Key Management Person	Cash, salary & commissions	Super- annuation	Other	Equity	Options			
Directors	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	152,000	-	-	-	-	152,000	-	-
Timothy Hogan	47,500	4,513	-	-	-	52,013	-	-
David Palumbo	60,000	-	-	-	-	60,000	-	-
	259,500	4,513	-	-	-	264,013		

**Krakatoa Resources Limited
& Controlled Entities**

DIRECTORS' REPORT (CONT.)

2019	Short-term Benefits	Post- employment Benefits	Other Long- term Benefits	Share based Payment		Total	Perfor- mance Related	Value of Options Re- muneration
Key Management Person	Cash, salary & commissions	Super- annuation	Other	Equity	Options			
Directors	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	84,000	-	-	-	-	84,000	-	-
Timothy Hogan	60,000	5,700	-	-	-	65,700	-	-
David Palumbo	40,000	-	-	-	-	40,000	-	-
Total	184,000	5,700	-	-	-	189,700		

5. Equity holdings of key management personnel

Shareholdings

Number of shares held by key management personnel during the financial year ended 30 June 2020 was as follows:

2020	Balance 1.7.2019 No.	Received as Compensation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2020 No.
Directors					
Colin Locke	129,000	-	-	-	129,000
Timothy Hogan	-	-	-	-	-
David Palumbo	501,500	-	-	-	501,500
Total	630,500	-	-	-	630,500

Option holdings

Number of options held by key management personnel during the financial year ended 30 June 2020 was as follows:

2020	Balance 1.7.2019 No.	Received as Compensation No.	Options Expired No.	Net Change Other No.	Balance 30.6.2020 No.
Directors					
Colin Locke	11,000,000	-	-	-	11,000,000
Timothy Hogan	10,000,000	-	-	-	10,000,000
David Palumbo	4,539,389	-	-	-	4,539,389
Total	25,539,389	-	-	-	25,539,389

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

6. Other transactions with key management personnel

During the year ended 30 June 2020, Barclay Wells Limited, an entity which Timothy Hogan is a director, invoiced for brokerage of \$16,451 plus GST on \$267,500 raised in the share placements completed in the 2020 financial year. The services were provided on arm's length terms.

There were no other transactions with key management personnel during the 2020 financial year.

7. Equity instruments granted as compensation

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

8. Company Performance

The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020	2019	2018 restated	2017 restated	2016**
	\$	\$	\$	\$	\$
Sales revenue	-	-	-	-	-
EBITDA	(2,650,603)	(739,390)	(1,122,558)	(1,712,265)	(1,171,305)
EBIT	(2,650,603)	(739,390)	(1,122,558)	(1,712,265)	(1,171,305)
(Loss) after income tax	(2,650,603)	(739,390)	(1,122,558)	(1,712,265)	(1,171,305)

** Figures have not been restated

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

	2020	2019	2018 restated	2017 restated	2016**
Share price at financial year end (\$)	0.038	0.022	0.027	0.04	0.18
Dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(1.47)	(0.63)	(1.08)	(2.61)	(2.3)

** Figures have not been restated

End of "Remuneration Report (Audited)"

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' REPORT (CONT.)

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	2	2
Timothy Hogan	2	2
David Palumbo	2	2

EVENTS AFTER THE REPORTING PERIOD

On 13 July 2020, the Company announced that it had received firm commitments from professional and sophisticated investors to raise \$2,400,000 (before costs) via a placement of 30,000,000 ordinary shares at an issue price of \$0.08 per share.

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.

INDEMNITY AND INSURANCE OF AUDITOR

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

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company 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 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
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DIRECTORS' REPORT (CONT.)

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following fees were paid or payable to the auditor for non-audit services provided during the year ended 30 June 2020:

— taxation services	\$ 750
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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 Company who are former partners of RSM Australia partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on the next page of the directors' report.

Auditor

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

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



Colin Locke
Executive Chairman
Dated: 29 September 2020

**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue	2	14,352	-
Administration expense		(128,549)	(63,758)
Compliance and regulatory expense		(311,450)	(240,749)
Employee benefits expense		(264,013)	(189,700)
Exploration expenditure and project evaluation costs		(1,888,397)	(168,197)
Travel expenses		(72,546)	(76,986)
Share based payment expense		-	-
Loss before income tax expense		(2,650,603)	(739,390)
Income tax expense	3	-	-
Loss from continuing operations after tax		(2,650,603)	(739,390)
Loss attributable to members of the parent entity		(2,650,603)	(739,390)
Other comprehensive income, net of tax			
<i>Reclassification adjustments</i>			
Reclassification to profit or loss on loss of control of subsidiary		-	-
Other comprehensive income/(loss)			
Total comprehensive (loss) attributable to members of the parent entity		(2,650,603)	(739,390)
Basic and diluted loss per share (cents per share)	4	(1.47)	(0.63)

The accompanying notes form part of these financial statements.

**Krakatoa Resources Limited
& Controlled Entities**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	686,170	407,285
Trade and other receivables	6	43,811	22,226
TOTAL CURRENT ASSETS		729,981	429,511
TOTAL ASSETS		729,981	429,511
CURRENT LIABILITIES			
Trade and other payables	8	250,995	178,744
TOTAL CURRENT LIABILITIES		250,995	178,744
TOTAL LIABILITIES		250,995	178,744
NET ASSETS		478,986	250,767
EQUITY			
Issued capital	9	12,057,138	9,453,316
Reserves	10	1,819,885	1,544,885
Accumulated losses		(13,398,037)	(10,747,434)
TOTAL EQUITY		478,986	250,767

The accompanying notes form part of these financial statements.

**Krakatoa Resources Limited
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Issued Capital \$	Accumulated Losses \$	Option Premium Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2018		9,093,382	(10,008,044)	1,544,885	-	630,223
Loss for the year		-	(739,390)	-	-	(739,390)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss		-	(739,390)	-	-	(739,390)
<i>Transactions with owner directly recorded in equity</i>						
Shares issued during the year	9	385,000	-	-	-	385,000
Less: transaction costs arising from issue of shares	9	(25,066)	-	-	-	(25,066)
Options issued during the year		-	-	-	-	-
Balance at 30 June 2019		9,453,316	(10,747,434)	1,544,885	-	250,767
Balance at 1 July 2019		9,453,316	(10,747,434)	1,544,885	-	250,767
Loss for the year		-	(2,650,603)	-	-	(2,650,603)
Other comprehensive income		-	(2,650,603)	-	-	(2,650,603)
Total comprehensive loss		-	(2,650,603)	-	-	(2,650,603)
<i>Transactions with owner directly recorded in equity</i>						
Shares issued during the year	9	2,792,500	-	-	-	2,792,500
Less: transaction costs arising from issue of shares	9	(188,678)	-	-	-	(188,678)
Options issued during the year		-	-	275,000	-	275,000
Balance at 30 June 2020		12,057,138	(13,398,037)	1,819,885	-	478,986

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 2020**

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Other income		14,352	-
Payments to suppliers and employees		(735,164)	(459,677)
Payment for exploration and evaluation expenditure and project evaluation costs		(1,257,404)	(198,341)
Net cash used in operating activities	11	<u>(1,978,216)</u>	<u>(658,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration assets		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		2,467,500	385,000
Payment of transaction costs associated with capital raising		(210,399)	(5,406)
Net cash provided by financing activities		<u>2,257,101</u>	<u>379,594</u>
Net increase / (decrease) in cash held		278,885	(278,424)
Cash at beginning of financial year		<u>407,285</u>	<u>685,709</u>
Cash at end of financial year	5	<u><u>686,170</u></u>	<u><u>407,285</u></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 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 29 September 2020 by the directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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.

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 (p).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars unless otherwise stated.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$2,650,603 and had net cash outflows from operating activities of \$1,978,216 for the year ended 30 June 2020. As at that date the Group had net current assets of \$478,986. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The Directors believe that it is reasonably foreseeable that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in Note 15, after the reporting period the Company issued 30,000,000 ordinary shares to professional and sophisticated investors at an issue price of \$0.08 per share to raise \$2,400,000 (before costs); and
- The Directors are confident the Group will be successful in sourcing further capital from the issue of additional equity securities to fund the ongoing operations of the Group

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.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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.

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.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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, it's carrying value is written off.

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.

Krakatoa Resources Limited & Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) 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.

g) 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.

h) 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").

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) 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.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

m) 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 company, 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.

n) Comparative Figures

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

o) 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.

p) 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 Company'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 Company'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.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q) Application of new or amended Accounting Standards and Interpretations

New or amended Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 and the impact of its adoption is insignificant.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 2: REVENUE		
Interest received	-	-
Other Income	14,352	-
	14,352	-

	2020	2019
	\$	\$
NOTE 3: INCOME TAX EXPENSE		
a. Reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(2,650,603)	(739,390)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	(728,916)	(203,332)
Increase/(decrease) in income tax due to:		
- Capital raising costs	(188,678)	(91,006)
- Losses and temporary differences not recognised	917,594	294,338
Income tax attributable to the Group	-	-
b. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 27.5% (2019: 27.5%):		
Deferred tax assets have not been recognised in respect of the following:		
Tax revenue losses	7,588,391	6,670,797

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2020 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.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 4: EARNINGS PER SHARE		
Loss used to calculate basic EPS	(2,650,603)	(739,390)
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	179,897,260	117,787,671
	Cents	Cents
Basic and diluted EPS	(1.47)	(0.63)
	2020	2019
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	686,170	407,285
	<u>686,170</u>	<u>407,285</u>
NOTE 6: TRADE AND OTHER RECEIVABLES		
GST receivable	40,894	12,117
Other assets	2,917	10,109
	<u>43,811</u>	<u>22,226</u>
<i>Allowance for expected credit losses</i>		
The consolidated entity has not recognised a loss in respect of the expected credit losses for the year ended 30 June 2020.		
NOTE 7: REMUNERATION OF AUDITORS		
Audit Services – RSM Australia Partners	27,760	27,500
	<u>27,760</u>	<u>27,500</u>
NOTE 8: TRADE AND OTHER PAYABLES		
Trade payables and accrued expenses	250,995	178,744

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 2020**

NOTE 9: ISSUED CAPITAL

	2020 No.	2020 \$	2019 No.	2019 \$
Fully paid ordinary shares with no par value	218,750,000	12,057,138	135,000,000	9,453,316
a) Ordinary shares				
At the beginning of reporting period	135,000,000	9,453,316	117,500,000	9,093,382
Shares issued during the year:				
- 24 June 2019	-	-	17,500,000	385,000
- 27 September 2019	15,000,000	330,000	-	-
- 23 October 2019	15,000,000	750,000	-	-
- 5 December 2019	10,000,000	400,000	-	-
- 5 February 2020	43,750,000	1,312,500	-	-
Less capital raising costs		(188,678)		(25,066)
Net share capital	218,750,000	12,057,138	135,000,000	9,453,316

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.

	2020 \$	2019 \$
Cash and cash equivalents	686,170	407,285
Trade and other receivables	43,811	22,226
Trade and other payables	(250,995)	(178,744)
Working capital position	478,986	250,767

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 10: RESERVES

	2020 \$	2019 \$
Option premium reserve		
Opening balance	1,544,885	1,544,885
Options issued	275,000	-
Closing balance	<u>1,819,885</u>	<u>1,544,885</u>
Total Reserves	<u>1,819,885</u>	<u>1,544,885</u>

Option premium reserve

The Option premium reserve is used to recognise the fair value of options issued but not exercised.

	2020 \$	2019 \$
NOTE 11: RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
Loss after income tax	(2,650,603)	(739,390)
Non cash-flows in loss:		
Share based payments	600,000	-
Changes in assets and liabilities:		
Trade and other receivables	(28,777)	(159)
Other assets	7,191	(10,109)
Trade payables and accruals	<u>93,973</u>	<u>91,640</u>
Cash flow used in operations	<u>(1,978,216)</u>	<u>(658,018)</u>

Non Cash Investing & Financing Activities:

There were no non-cash investing entered into by the Group during the year (2019: Nil).

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 12: 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:

	2020	2019
	\$	\$
Short-term employee benefits	259,500	184,000
Post-employment benefits	4,513	5,700
Share based payments	-	-
	<hr/>	<hr/>
Total remuneration	<u>264,013</u>	<u>189,700</u>

NOTE 13: RELATED PARTY TRANSACTIONS

During the year ended 30 June 2020, Barclay Wells Limited, an entity which Timothy Hogan is a director, invoiced for brokerage of \$16,451 plus GST on \$267,500 raised in share placements completed in the 2020 financial year.

All related party transactions are made on normal commercial terms and condition and at market rates.

NOTE 14: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2020 (2019: Nil).

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

On 14 July 2020, the Company issued 30,000,000 ordinary shares to professional and sophisticated investors at an issue price of \$0.08 per share to raise \$2,400,000 (before costs).

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.

NOTE 16: 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 \$53,440 (2019: \$42,440).

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 \$255,000 (2019: Nil).

The Group has no other commitments.

**Krakatoa Resources Limited
& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	Equity Holding
		2020	2019
		%	%
Subsidiaries of Krakatoa Resources Ltd:			
Krakatoa Australia Pty Ltd	Australia	100	-
Krakatoa Minerals Pty Ltd	Australia	100	100
Krakatoa Minerals – SMC Limited	Uganda	100	100
2634501 Ontario Limited	Canada	100	100

NOTE 18: PARENT ENTITY DISCLOSURES

Financial position

	2020	2019
	\$	\$
Assets		
Current assets	729,981	429,511
Non-current assets	-	-
Total assets	729,981	429,511
Liabilities		
Current liabilities	250,995	178,744
Total liabilities	250,995	178,744
Equity		
Issued capital	12,057,138	9,453,316
Accumulated losses	(13,398,037)	(10,747,434)
Reserves	1,819,885	1,544,885
Total equity	478,986	250,767
Financial performance		
(Loss) for the year	(2,650,603)	(739,390)
Total comprehensive (loss) for the year	(2,650,603)	(739,390)

Guarantees:

Krakatoa Resources Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Other Commitments and Contingencies:

Krakatoa Resources Limited has no commitment to acquire property, plant and equipment and has no contingent liabilities (Note 14).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19: 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 2020, 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 20: 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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT.)

The credit risk for counterparties included in cash and cash equivalents at 30 June 2020 is detailed below:

	2020	2019
	\$	\$
Financial assets:		
Cash and cash equivalents		
- AA rated counterparties	686,170	407,285

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.

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 2020 (2019: 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.

Krakatoa Resources Limited & Controlled Entities

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Krakatoa Resources, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the Board



Colin Locke
Executive Chairman

Dated: 29 September 2020

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
<p><i>Exploration expenditure and project evaluation costs</i> Refer to statement of profit or loss and other comprehensive income</p>	
<p>The Group incurred exploration expenditure and project evaluation costs of \$1,888,397 during the year ended 30 June 2020. In accordance with its accounting policy, the Group expenses these costs as incurred is irrespective of whether the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.</p> <p>We considered this to be a key audit matter because it is the Group's most significant transaction category and the matter of significant audit attention in performing the audit.</p>	<p>Our audit procedures in relation to exploration expenditure and project evaluation costs included;</p> <ul style="list-style-type: none"> • Assessing whether the Group's accounting policy for exploration and evaluation expenditure is in compliance with Australia Accounting Standards; • Obtaining evidence that the right to tenure of the exploration areas of interests are valid; • Performing substantive testing on exploration expenditure on a sample basis with additional attention to any items identified as large or unusual; and • Assessing the adequacy of the disclosures in the financial report.

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 2020 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 that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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/auditors_responsibilities/ar2.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 within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Krakatoa Resources Limited, for the year ended 30 June 2020, 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.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 September 2020

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CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations. Date of last review and Board approval: 29 September 2020.

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight			
<u>Recommendation 1.1</u> A listed entity should disclose: <ul style="list-style-type: none"> a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management. 	Yes	Board Charter Code of Conduct, Independent Professional Advice Policy, Website	<p>To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment. The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.</p> <p>In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. To assist the Board carry its functions, it has developed a Code of</p>

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		<p>Conduct to guide the Directors.</p> <p>In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.</p> <p>Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:</p> <ul style="list-style-type: none"> • Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board. • Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company. • Overseeing Planning Activities: the development of the Company's strategic plan. • Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company as well as ensuring timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities. • Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company. • Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting along with ensuring the integrity of the Company's financial and other reporting. • Human Resources: reviewing the
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			<p>performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.</p> <ul style="list-style-type: none"> • Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees. • Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board. • Monitoring the effectiveness of the Company's corporate governance practices. <p>Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p><u>Recommendation 1.2</u> A listed entity should:</p> <ol style="list-style-type: none"> a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re- elect a director. 	<p>Yes</p>	<p>Director Selection Procedure, Website</p>	<p>Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. The Company's current Directors all have relevant experience in the operations. In addition, Directors should have the relevant blend of personal experience in:</p> <ul style="list-style-type: none"> • Accounting and financial management; and • Director-level business experience. <p>Each member of the Board is committed to spending sufficient time to enable them to carry out their duties</p>

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		<p>as a Director of the Company.</p> <p>In determining candidates for the Board, the Nomination Committee (refer to recommendation 2.1) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.</p> <p>The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and re-appointment of directors is not automatic.</p> <p>The Nomination Committee is responsible for implementing a program to identify, assess and enhance Director competencies. In addition, the Nomination Committee puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board.</p>
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<p><u>Recommendation 1.3</u> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Yes</p>	<p>Kept at registered office, Independent Professional Advice Policy</p>	<p>Each non-executive director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations as well as roles on the Company's committees.</p> <p>Each executive director's agreement with the Company includes the same details as the non-executive directors' agreements but also includes a position description, reporting hierarchy and termination clauses.</p> <p>To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice (that limit is currently set at \$2,000).</p>
<p><u>Recommendation 1.4</u> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Yes</p>	<p>Board Charter, Website</p>	<p>Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter.</p>
<p><u>Recommendation 1.5</u> A listed entity should: a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess</p>	<p>Yes</p>	<p>Diversity Policy, Website</p>	<p>The Company recognises and respects the value of diversity at all levels of the organisation. The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.</p> <p>The Diversity Policy was re-adopted during the year and the Company set</p>

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<p>annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>			<p>the following objectives for the employment of women:</p> <ul style="list-style-type: none"> • to the Board – no target set • to senior management (including Company Secretary) – 20% • to the organisation as a whole – 20% <p>As at the date of this report, the Company has the following proportion of women appointed:</p> <ul style="list-style-type: none"> • to the Board – 0% • to senior management (including Company Secretary) – 0% • to the organisation as a whole – 25% <p>The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. The Company recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.</p>
<p><u>Recommendation 1.6:</u> A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance</p>	<p>Yes</p>	<p>Board , Committee & Individuals Performance Evaluation Procedure Website</p>	<p>It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>

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evaluation was undertaken in the reporting period in accordance with that process.			
<p>Recommendation 1.7: A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	Board , Committee & Individuals Performance Evaluation Procedure, Website	It is the policy of the Board to conduct evaluation of individuals' performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.
Principle 2: Structure the board to add value			
<p>Recommendation 2.1 The Board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a nomination committee, disclose that fact and the</p>	No	Nomination Committee Charter, Independent Professional Advice Policy Website	<p>The full Board performs the role of Nomination Committee. The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. The Nomination Committee did not meet during the year ended 30 June 2020.</p> <p>The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the Executive Director and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all Directors, who are experienced public company Directors. The Board collectively and each Director has the right to seek</p>

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<p>processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>			<p>independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p><u>Recommendation 2.2</u> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>	<p>Kept at registered office</p>	<p>The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Company is working through professional development initiatives as well as seeking to identify suitable Board candidates for positions from a diverse pool.</p>
<p><u>Recommendation 2.3</u> A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director.</p>	<p>Yes</p>	<p>Board Charter, Independence of Directors Assessment Website</p>	<p>The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. An Independent Director:</p> <ol style="list-style-type: none"> 1. is a Non-Executive Director and; 2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; 3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment; 4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided; 5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; 6. has no material contractual relationship with the Company or other group member other than as a Director of the Company; 7. has not served on the Board for a period which could, or could

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			<p>reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and</p> <p>8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.</p> <p>Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of Directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a Director would be considered material when assessing independence.</p> <p>Colin Locke (appointed 6 August 2015) is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Timothy Hogan (appointed 7 October 2015) is a Non-Executive Director of the Company and meets the Company's criteria for independence.</p> <p>David Palumbo (appointed 7 August 2017) is a Non-Executive Director of the Company and meets the Company's criteria for independence.</p>
<p><u>Recommendation 2.4</u> A majority of the board of a listed entity should be independent directors.</p>	Yes	Independence of Directors Assessment, Website	2 out of 3 directors are independent.
<p><u>Recommendation 2.5</u> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	No	Independence of Directors Assessment, Website	The Chairperson is not an independent Director and is not the CEO / Managing Director. The Company is continually evaluating and reviewing the Board structure.

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<p><u>Recommendation 2.6</u> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Yes</p>	<p>Director Induction Program, Ongoing Education Framework, Website</p>	<p>It is the policy of the Company that each new Director undergoes an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:</p> <ul style="list-style-type: none"> • details of the roles and responsibilities of a Director; • formal policies on Director appointment as well as conduct and contribution expectations; • a copy of the Corporate Governance Statement, Charters, Policies and Memos and • a copy of the Constitution of the Company. <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. The Board has implemented an Ongoing Education Framework.</p>
<p>Principle 3: Act ethically and responsibly</p>			
<p><u>Recommendation 3.1</u> A listed entity should: a) have a code of conduct for its directors, senior executives and employees; and b) disclose that code or a summary of it.</p>	<p>Yes</p>	<p>Code of Conduct Website</p>	<p>As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.</p>
<p>Principle 4: Safeguard integrity in corporate reporting</p>			
<p><u>Recommendation 4.1</u> The board of a listed entity should: (a) have an audit committee which: a) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 1) is chaired by an independent</p>	<p>No</p>	<p>Audit Committee Charter, Website</p>	<p>Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee.</p> <p>Items that are usually required to be discussed by an Audit Committee are discussed at a separate meeting when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee</p>

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<p>director, who is not the chair of the board, and disclose:</p> <ol style="list-style-type: none"> 2) the charter of the committee; 3) the relevant qualifications and experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>			<p>Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.</p> <p>The Board did not meet as the Audit Committee during the year. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee. All of the Directors consider themselves to be financially literate and possess relevant industry experience.</p> <p>The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.</p>
<p><u>Recommendation 4.2</u> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate</p>	<p>Yes</p>	<p>Kept at registered office</p>	<p>The Executive Director (Executive Chairman) and Company Secretary (Chief Financial Officer) provide a declaration to the Board in accordance with section 295A of the Corporations Act for each financial report and assure the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>

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accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.			
<u>Recommendation 4.3</u> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	AGM	The external auditor is required to attend every AGM for the purpose of answering questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure			
<u>Recommendation 5.1</u> A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.	Yes	Continuous Disclosure Policy, Website	The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information: 1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and 2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.
Principle 6: Respect the rights of security holders			
<u>Recommendation 6.1</u> A listed entity should provide information about itself and its governance to investors via its website.	Yes	Website Disclosure Policy, Website	The Company's website includes the following: <ul style="list-style-type: none">• Corporate Governance policies, procedures, charters, programs, assessments, codes and frameworks• Names and biographical details of each of its directors and senior executives• Constitution• Copies of annual, half yearly and quarterly reports• ASX announcements

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			<ul style="list-style-type: none"> • Copies of notices of meetings of security holders • Media releases • Overview of the Company's current business, structure and history • Details of upcoming meetings of security holders • Summary of the terms of the securities on issue • Historical market price information of the securities on issue • Contact details for the share registry and media enquiries • Share registry key security holder forms
<p><u>Recommendation 6.2</u> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	Shareholder Communication Policy, Social Media Policy Website	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:</p> <ul style="list-style-type: none"> • communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company; • giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; • requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report of future Annual Reports. <p>The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.</p>
<p><u>Recommendation 6.3</u> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	Shareholder Communication Policy Website	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to making it easy for shareholders to participate in shareholder meetings of the Company.</p>
<p><u>Recommendation 6.4</u> A listed entity should give security holders the option to receive</p>	Yes	Shareholder Communication Policy Website	<p>Shareholders are regularly given the opportunity to receive communications electronically.</p>

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communications from and send communications to, the entity and its security registry electronically.			
Principle 7: Recognise and manage risk			
<p><u>Recommendation 7.1</u> The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	Risk Management Policy Website	<p>The Board has not established a separate Risk Committee, and therefore it is not structured in accordance with Recommendation 7.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee. Items that are usually required to be discussed by a Risk Committee are discussed at a separate meeting when required. When the Board convenes as the Risk Committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.</p> <p>The Board as a whole did not meet as the Risk Committee during the year. Risk identification and risk management discussions occurred during the year. To assist the Board to fulfil its function as the Risk Committee, the Company has adopted a Risk Management Policy.</p>
<p><u>Recommendation 7.2</u> The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p>	Yes	Risk Management Policy Website	<p>The Company's Risk Management Policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk Management Strategy are to:</p> <ul style="list-style-type: none"> • identify risks to the Company; • balance risk to reward;

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<p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>			<ul style="list-style-type: none"> • ensure regulatory compliance is achieved; and • ensure senior executives, the Board and investors understand the risk profile of the Company. <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> • regular Board meetings; • share price monitoring; • market monitoring; and • regular review of financial position and operations. <p>The Company has developed a Risk Register in order to assist with the risk management of the Company. The Company's Risk Management Policy is considered a sound strategy for addressing and managing risk. During the year, the Board reviewed the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.</p>
<p><u>Recommendation 7.3</u> A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>No</p>	<p>Audit Committee Charter Website</p>	<p>The Board performs the role of Audit Committee. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter which include overseeing the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the Company, which includes the Company's internal compliance and control systems.</p> <p>Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function, the expense of an independent internal auditor is not considered to be appropriate.</p>
<p><u>Recommendation 7.4</u> A listed entity should disclose whether it has any material exposure to economic, environmental</p>	<p>Yes</p>	<p>Corporate Governance Statement</p>	<p>The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic,</p>

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and social sustainability risks and, if it does, how it manages or intends to manage those risks.			environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly			
<p><u>Recommendation 8.1</u> The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	No	Remuneration Committee Charter, Independent Professional Advice Policy Website	<p>The Board performs the role of Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter.</p> <p>The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees. The Remuneration Committee did not meet during the financial year ended 30 June 2020.</p> <p>The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Executive Director goals and reviewing progress in achieving those goals. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p><u>Recommendation 8.2</u> A listed entity should separately disclose its policies and practices regarding the remuneration of non-</p>	Yes	Remuneration Policy Website	Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Executive Director remuneration is set by the

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<p>executive directors and the remuneration of executive directors and other senior executives.</p>			<p>Board with the executive director in question not present. Full details regarding the remuneration of Directors has been included in the Remuneration Report within the Annual Report.</p>
<p><u>Recommendation 8.3</u> A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it. 	<p>Yes</p>	<p>Remuneration Policy Website</p>	<p>Executives and Non-Executive Directors are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.</p>

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**ASX INFORMATION
AS AT 18 SEPTEMBER 2020**

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 18 September 2020.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares

As at 18 September 2020, there were 1,484 shareholders holding a total of 250,950,000 fully paid ordinary shares.

Options

As at 18 September 2020, there were 82,800,000 Quoted Options exercisable at \$0.05 on or before 31 July 2021 held by 182 holders.

As at 18 September 2020, there were 12,000,000 Unquoted Options exercisable at \$0.10 on or before 24 October 2020 held by 4 holders and 5,000,000 Unquoted Options exercisable at \$0.075 on or before 31 July 2021 held by 6 holders.

b. Distribution of Equity Securities

Fully paid ordinary shares	Number (as at 18 September 2020)	
	Shareholders	Ordinary Shares
Category (size of holding)		
1 – 1,000	46	9,040
1,001 – 5,000	25	110,549
5,001 – 10,000	210	1,824,458
10,001 – 100,000	826	34,776,400
100,001 – and over	377	214,229,553
	1,484	250,950,000

The number of shareholdings held in less than marketable parcels is 51 shareholders amounting to 20,043 shares.

Quoted \$0.05 options	Number (as at 6 September 2019)	
	Shareholders	Options
Category (size of holding)		
1 – 1,000	-	-
1,001 – 5,000	9	45,000
5,001 – 10,000	3	26,112
10,001 – 100,000	78	4,626,509
100,001 – and over	92	78,102,379
	182	82,800,000

The number of option holdings held in less than marketable parcels is 10 option holders amounting to 53,334 options.

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- c. The names of substantial shareholders listed in the company's register as at 18 September 2020 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
Lafras Luitingh	25,286,538	10.08%
Helmsdale Investments Pty Ltd	15,537,500	6.19%

- d. Voting Rights

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

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 18 September 2020 — Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. MR LAFRAS LUITINGH	25,286,538	10.08
2. HELMSDALE INVESTMENTS PTY LTD	15,537,500	6.19
3. LOCKSLEY HOLDINGS PTY LTD	4,500,000	1.79
4. RIVERSDALE HOLDINGS PTY LTD	4,500,000	1.79
5. MRS MEILY DAHLIA EVIANA	3,750,000	1.49
6. E C DAWSON SUPER PTY LTD <THE DAWSON SUPER FUND A/C>	3,070,000	1.22
7. PROF YEW KWANG NG	2,937,560	1.17
8. MRS JUDITH SUZANNE PIGGIN + MR DAMIEN JAYE PIGGIN + MR GLENN ADAM PIGGIN <PIGGIN FAMILY S/F A/C>	2,830,000	1.13
9. TAMBAR PTY LTD	2,525,000	1.01
10. DR TONY CREA + MRS GINA CREA <THE CREA SUPERANNUATION A/C>	2,500,000	1.00
11. MR GURUMURTHY NIDIGAL + MRS PURNIMA NIDIGAL <SRI RAM SUPER FUND A/C>	2,500,000	1.00
12. MR ROSS EDWARD GUSTAFSON + MRS ALISON JANE UTLEY <VESTY SUPER FUND A/C>	2,352,691	0.94
13. ARCHFIELD HOLDINGS PTY LTD	2,250,000	0.90
14. MISS KATRINA EMILIA KUHN	2,058,941	0.82
15. MR JOHN COLIN LOOSEMORE + MRS SUSAN MARJORY LOOSEMORE <LOOSEMORE S/F A/C>	2,000,001	0.80
16. MR KENNETH ERNEST CONWAY + MRS BARBARA ANN CONWAY	2,000,000	0.80
17. MR DOMINIC VIRGARA	2,000,000	0.80
18. MR DAVID GEORGE CRAGGS	1,890,299	0.75
19. R C FISHING PTY LTD	1,732,327	0.69
20. MR KONG HOCK TAN + MRS MARY MENG MAY ANG	1,687,218	0.67
	87,908,075	35.03

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f. 20 Largest Quoted \$0.05 Option Holders as at 18 September 2020

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. MR TIMOTHY HOGAN	6,000,000	7.25
2. SOPRANO INVESTMENTS (WA) PTY LTD <MJ MARANO SUPER FUND A/C>	5,120,903	6.18
3. KING CORPORATE PTY LTD	4,000,000	4.83
4. MR COLIN LOCKE	4,000,000	4.83
5. DABBLER PTY LTD	3,000,000	3.62
6. MR COLIN KENNETH LOCKE <C LOCKE SUPER FUND A/C>	3,000,000	3.62
7. MR JOHN LOMBARDO	2,597,500	3.14
8. MR DAVID LEE PALUMBO	2,539,389	3.07
9. HARD ROCK MINING PTY LTD	2,200,000	2.66
10. MRS VICTORIA HELEN GARDINER	2,150,000	2.60
11. ARCHFIELD HOLDINGS PTY LTD	2,100,000	2.54
12. ARCHFIELD HOLDINGS PTY LTD	2,000,000	2.42
13. TITAN SECURITIES PTY LTD	1,908,683	2.31
14. HELMSDALE INVESTMENTS PTY LTD	1,500,000	1.81
15. MR MURRAY WILLIAM BROUN	1,480,000	1.79
16. MR JOHN ROBERT TYRRELL + MS CLAIRE KATHERINE TYRRELL <THE TYRRELL SUPER FUND A/C>	1,455,000	1.76
17. MINING CORPORATE PTY LTD	1,400,000	1.69
18. MR JOHN COLIN LOOSEMORE + MRS SUSAN MARJORY LOOSEMORE <LOOSEMORE S/F A/C>	1,333,334	1.61
19. MR GRAHAM ROBERT FOREMAN	1,300,000	1.57
20. MRS JILLIANNE MURIEL FREEMAN <THE JILL FREEMAN FAMILY A/C>	1,107,867	1.34
	50,192,676	60.62

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

3. The address of the principal registered office in Australia is:
Level 11, 216 St Georges Terrace Perth WA 6000

4. Registers of securities are held at the following address:
Computershare Investor Services Pty Ltd, Level 11, 172 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.

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**SCHEDULE OF MINERAL TENEMENTS
AS AT 18 SEPTEMBER 2020**

<i>Project</i>	<i>Tenement</i>	<i>Interest held by Krakatoa Resources Limited</i>
Belgravia	EL8153	100%
Turon	EL8942	100%
Rand	ELA5982	-
Rand	ELA5985	-
Rand	ELA6012	-
Rand	ELA6013	-
Mt Clere	E52/3730	-
Mt Clere	E52/3731	-
Mt Clere	E52/3836	-
Mt Clere	E09/2357	-
Dalgaranga	P59/2082	100%
Dalgaranga	P59/2140	100%
Dalgaranga	P59/2141	100%
Dalgaranga	P59/2142	100%
Dalgaranga	E59/2389	-
Mac Well	E59/2175	100%

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