High-Grade Antimony-Gold Opportunity with Global Significance

Metals & Mining

We initiate coverage on Krakatoa Resources (ASX:KTA) with a 12-month target price of A$0.047, representing a **368.5% upside** from the current share price of A$0.010. The company's valuation is anchored by its flagship Zopkhito Project in Georgia—**a high-grade, large-scale antimony-gold asset hosting 26,000t of contained antimony at an exceptional average grade of 11.6% Sb, alongside more than 800,000oz of gold**. With grades ranking among the highest globally and the **potential to evolve into the world's largest antimony deposit**, Zopkhito presents a rare combination of scale, grade, and strategic relevance. **Metallurgical test work further de-risks the project, demonstrating antimony recoveries exceeding 90% and the production of saleable, low-arsenic concentrates**—highlighting strong economic potential. Supported by comprehensive sampling of historical exploration adits, existing infrastructure, and substantial sunk capital, Zopkhito is well-positioned for a near-term uplift in value as Krakatoa progresses toward delivering a JORC 2012-compliant resource.

Antimony-Gold Scale with Global Significance

With world-class grade, meaningful scale, and strategic location, Zopkhito is well-positioned to become a cornerstone supplier of antimony to Western markets. As antimony's strategic importance accelerates across the defence, energy storage, and electronics sectors, **KTA holds a clear first-mover advantage in Georgia, home to one of the few globally significant, high-grade antimony-gold deposits outside of China or Russia**. Located at the intersection of Europe and Asia, Georgia offers direct, efficient access to both markets through established road, rail, and port infrastructure. In a world increasingly defined by geopolitical fragmentation, Krakatoa is well placed to benefit from the friendshoring of supply chains. Georgia provides a low-cost operating environment, characterised by **streamlined permitting, low labour costs, and a transparent, business-friendly regulatory framework.** Backed by a management team with a **proven track record of successfully advancing overseas exploration and development projects**, Krakatoa is strongly positioned to unlock Zopkhito's full strategic and commercial potential.

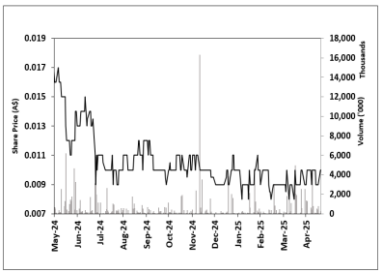
Attractive valuation with significant upside

Our valuation of KTA underscores the company's significant re-rating potential, driven by its exceptionally high-grade Zopkhito antimony-gold project and strategic positioning within the critical minerals thematic. In our Base Case, we derive an equity value of A$28.7 million, equating to A$0.044 per share, while the Bull Case reaches A$32.7 million, or A$0.050 per share**. This implies a 12-month upside of 339%–398%, with a midpoint target price of A$0.047 per share**. The valuation is grounded in a conservative EV/resource methodology, incorporating appropriate discounts for early-stage risk and jurisdictional factors, while leaving additional scope for upside in Krakatoa's broader project portfolio.

Valuation (A$m)	Base case	Bull case
Implied EV	27.44	31.36
Debt	-	-
Cash	1.29	1.29
Equity Value	**28.73**	**32.65**
Total Diluted Shares O/S (m)	655.1	655.1
Implied price (A$)	**0.044**	**0.050**
Current price (A$)	0.010	0.010
Upside	*338.6%*	*398.4%*

Date	10 June 2025
Share Price (A$)	0.010
Target Price (A$)	0.047
Price / NAV (x)	0.21x
Market Cap (A$m)	6.8
52-week L/H (A$)	0.008-0.017
Free Float (%)	75.0%
Bloomberg	KTA:AU
Capital IQ	KTA.ASX

Price Performance (A$)



Business description

Krakatoa Resources is an exploration company focused on advancing its flagship Zopkhito Project in Georgia, a high-grade, large-scale antimony-gold asset in Eastern Europe with a JORC-compliant resource expected imminently. With a first-mover advantage in Georgia and a leadership team with a track record of success in overseas jurisdictions, Krakatoa is executing an aggressive exploration strategy.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

Table of Contents

Investment Rationale 3
A Western-Aligned Supply Chain Solution for Antimony 3
Why Antimony is Now on Every Critical List 3
Zopkhito and the World's Largest Antimony Projects 4
Experienced Leadership with Proven Success in Overseas Projects 5
Valuation Highlights Strong Re-Rating Potential 5
Exceptional Grades for both Minerals 8
Metallurgy Underscores Project Viability 9
Extensive growth potential 10
Georgia's Strategic Edge 10
Zopkhito's Labour Cost Advantage 11
Strategic Local Partnership 12
Mine to Market: Zopkhito's Nearby Infrastructure 12
A Clear Path to Development 12
Mount Clere: Unlocking Western Australia's Next REE Frontier 13
Antimony: A Strategic Metalloid with Expanding Industrial Applications 17
Global Production and Supply Concerns 17
Market Dynamics and Pricing Trends 18
Diverse Applications Across Industries 18
Demand Drivers and Future Outlook 19
Long-Term Market Projections 21
Gold at All-Time Highs: A New Era of Strategic Demand 21
Macro Tailwinds for Gold 24
Rare Earths in a Divided World: Mt Clere Emerges as a Key Western Asset 25
Valuation: Peer Comparables Uncovers Considerable Undervalued KTA 28
Catalysts for KTA 32
Risks 33
Appendix I: KTA SWOT Analysis 34
Appendix II: Board of Directors & Management 35
Appendix III: Peer Comparables 36
Appendix IV: History of the Zopkhito Project 37
Appendix V: Analyst's Qualifications 38

Investment Rationale

Krakatoa Resources' Zopkhito Project in Georgia is emerging as a globally significant source of antimony, a critical mineral essential for various industrial applications. **The project boasts a foreign resource estimate of 225kt at 11.6% antimony (Sb) and 7.1 Mt at 3.7 g/t gold (Au), equating to approximately 26,000t of contained antimony and 815koz of gold.**

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Zopkhito is already considered **one of the six largest known antimony resources globally**, yet it remains vastly underexplored. With just 16 of the 60 high-grade mineralised veins systematically tested to date, and early geological data indicating strong continuity and width across the mineralised corridor, the project holds genuine **potential to evolve into the world's largest antimony deposit**. Moreover, the presence of substantial gold mineralisation provides a valuable co-product, potentially offsetting production costs and enhancing project economics. Historical data indicates that gold occurs both within the antimony-rich veins and in the surrounding alteration zones, with grades averaging 3.7 g/t Au.

The project benefits from extensive historical Soviet-era exploration, including **over 27 kilometres of underground adits, more than 20,000 geochemical samples, and detailed geological mapping, extensive metallurgical work and mine development designs which represents a significant sunk cost** that materially reduces the risk associated with early-stage exploration. This dramatically reduces the cost for further discovery, giving Krakatoa a unique advantage.

A Western-Aligned Supply Chain Solution for Antimony

Current geopolitical dynamics underscore the strategic significance of Zopkhito. At the end of last year, China, the world's dominant antimony producer with nearly half of the global supply, imposed export restrictions on antimony products, citing national security concerns. This move sent shockwaves through downstream supply chains across the West, particularly in sectors such as semiconductors, energy storage, flame retardants, and defence, where antimony plays a critical role. The escalating tensions between China and Western economies over technology, trade, and resource nationalism have made **securing non-Chinese supply sources an urgent priority**. In this context, **Zopkhito offers a rare, Western-aligned alternative**. Located in Georgia, a nation with a transparent mining code and supportive government, the project is uniquely **positioned to benefit from the global push toward "friendshoring" — the relocation of critical supply chains to politically trusted jurisdictions**. As Western nations implement strategic resource stockpiles and critical mineral agreements, projects like Zopkhito stand to receive growing attention from both public and private entities seeking long-term, secure offtake partnerships outside of China's sphere of influence.

The project benefits from significant historical sunk costs; over 27km of underground adits, more than 20,000 geochemical samples, and detailed geological mapping.

Why Antimony is Now on Every Critical List

Antimony has emerged as one of the most geopolitically significant critical minerals in today's increasingly fractured global landscape. Its unique properties make it indispensable across a broad spectrum of industrial and defence applications—including flame retardants, semiconductors, lead-acid batteries, military-grade alloys, and next-generation energy storage technologies such as liquid metal batteries. However, global supply remains dangerously concentrated, with China controlling an estimated 70% of both antimony production and refining capacity. This dominance has exposed Western economies to acute supply chain vulnerabilities, particularly amid rising geopolitical tensions with China.

In 2024, China escalated its control by introducing export licensing requirements for antimony products under the guise of national security. These restrictions were tightened further in early 2025 with a full export ban on antimony shipments to the United States. As a result, **antimony prices surged more than 300% year-on-year**, while downstream industries—from battery manufacturers to defence contractors—scrambled to secure alternative sources of supply.

The strategic importance of antimony is now formally acknowledged by several major economies. The United States has added antimony to the U.S. Geological Survey's list of critical minerals, recognising its essential role in national security and industrial resilience. Similarly, the European Union classifies antimony as a critical raw material due to its high economic importance and elevated supply risk. Australia and Canada have also designated antimony as a critical mineral, further underscoring the global urgency to secure stable, non-Chinese sources of supply.

Zopkhito and the World's Largest Antimony Projects

KTA has grades ranking among the highest globally and the potential to be one of the largest known antimony deposit worldwide.

When comparing Zopkhito to other dominant global deposits, it becomes immediately clear that state-owned entities control the majority of the world's antimony supply, reiterating the mineral's critical importance. The Xikuangshan Mine in China, the largest antimony mine globally, is operated by the state-owned Hunan Nonferrous Metals, producing thousands of tonnes per year from high-grade deposits embedded in Devonian limestone. In Russia, the Sarylakh and Sentachan deposits, estimated to host over 290,000 tonnes of contained antimony, are likewise state-controlled, supporting the Russian Federation's strategic metals program. Meanwhile, Tajikistan's Anzob Mining and Processing Enterprise — responsible for over 25% of global supply in recent years — is also state-linked, with no public access for external capital or offtake arrangements. These operations reinforce the fact that antimony, due to its military and industrial significance, is tightly guarded and difficult to access from an investment standpoint.

Figure 1: Globally Significant Antimony Projects

Rank	Company	EV (A$m)	Project	Mining Method	Contained Antimony (t)	Antimony Grade (%)	Geology
1	State Owned - China	-	Xikuangshan	Underground	2,100,000	2.5	Stibnite-rich replacement and vein-style deposits in limestone
2	State Owned - Russia	-	Sarylakh & Sentachan	Underground	290,000	20	Stibnite veins in sedimentary rocks
3	State Owned - Tajikistan	-	Anzob	Underground	183,000	15	Massive sulphide lenses and stibnite-rich veins
4	Perpetua Resources	1486	Stibnite	Open pit	67,000	0.42	Disseminated and replacement-style stibnite in sedimentary rocks
5	Larvotto Resources	252	Hillgrove	Underground	39,000	1.3	Shear-hosted gold-antimony quartz veins in metamorphic rocks
6	**Krakatoa Resources**	**4.2**	**Zopkhito**	**Unconfirmed - shallow resource**	**26,000**	**11.6**	**High-grade stibnite-gold veins in folded sedimentary units**

Source: East Coast Research

This makes the Zopkhito Project's structure and ownership particularly unique. Held by an ASX-listed entity with transparent governance and access to Western capital markets, Zopkhito presents a rare opportunity for investors to gain exposure to a globally strategic antimony asset of this grade and scale.

Among listed peers, only a handful of companies control large-scale, non-Chinese antimony projects. Perpetua Resources (NASDAQ: PPTA) is developing the Stibnite Gold Project in Idaho, which contains approximately 67,000 tonnes of contained antimony with average grades of 0.42% and significant gold credits. The U.S. Department of Defense and EXIM Bank have both expressed strategic interest in the project, yet Perpetua's current market cap (approx. US$240 million) reflects the high capital intensity and permitting timeline required for U.S.-based development. Similarly, Larvotto Resources (ASX: LRV) controls the Hillgrove Project in New South Wales — Australia's largest domestic antimony-gold asset — with a resource of 39,000 tonnes of contained antimony at average grades of 1.3% Sb. LRV's market cap (approx. AUD 250 million).

Backed by a management team with a proven track record of successfully advancing overseas exploration projects, Krakatoa is strongly positioned to unlock Zopkhito's full strategic and commercial potential.

In contrast, Krakatoa's Zopkhito Project in Georgia stands out with an **exceptional 26,000 tonnes of contained antimony at a remarkable average grade of 11.6%** Sb — nearly an order **of magnitude higher than comparable peer assets**. KTA's market cap (approx. AUD 6 million). Complemented by significant associated gold mineralisation, Zopkhito offers a rare combination of scale and grade in a jurisdiction strategically positioned between Europe and Asia. This comparison underscores not only the increasing strategic importance nations are placing on securing antimony supply, often through state-backed initiatives, but also the magnitude of the opportunity Krakatoa controls. Despite some peer valuations being supported by other variables, such as being at the production stage and a combination of other resources, the stark valuation gap remains evident. **Krakatoa's current market capitalisation is yet to reflect the project's resource quality and geopolitical relevance**.

Experienced Leadership with Proven Success in Overseas Projects

Krakatoa Resources' executive team brings a depth of international exploration and development experience that underpins the company's ability to execute on the Zopkhito Project in Georgia. Central to this is Technical Director and CEO, Mark Major, a qualified geologist with over 30 years of experience in mineral exploration and project development. His proven track record in delivering successful high-altitude exploration campaigns in South America was a key factor in Krakatoa securing access to this exceptional antimony-gold opportunity. The broader leadership team, including Executive Chairman Colin Locke, adds further depth through **a strong history of value creation in emerging jurisdictions**. With a combined tenure spanning decades across Latin America, Asia, and Eastern Europe and Africa **Major and Locke have consistently demonstrated their ability to navigate foreign regulatory** landscapes, build local partnerships, and advance early-stage assets through discovery, resource delineation, and development phases. They are supported by Non-Executive Director Timothy Hogan, a stockbroker with extensive experience in capital markets, and Company Secretary David Palumbo, a chartered accountant whose background in corporate governance and compliance adds further strength to Krakatoa's boardroom capability. Together, the team provides a solid foundation for advancing the company's dual-track strategy across Georgia and Western Australia.

Valuation Highlights Strong Re-Rating Potential

This represents a substantial upside of 339–398% from the current share price of A$0.010, with a mid-point valuation of A$0.047 per share and an implied Price/NAV of just 0.21x.

Krakatoa Resources (ASX:KTA) presents a deeply undervalued opportunity within the critical minerals sector, anchored by its flagship Zopkhito antimony-gold project in Georgia. Using a conservative EV/resource framework, our valuation methodology benchmarks Krakatoa against a peer group of global antimony developers, applying appropriate discounts for stage of development and jurisdiction. Despite Zopkhito hosting one of the highest-grade undeveloped antimony resources globally—at 11.63% Sb—the company trades at just A$0.24/t Sb-equivalent, well below the peer average of A$2.23/t. After applying a 45% jurisdictional discount in the Base Case and a 35% discount in the Bull Case, we estimate an implied equity valuation of A$28.7 million to A$32.7 million, equating to A$0.044–0.050 per share. **This represents a substantial**

upside of 339–398% from the current share price of A$0.010, with a mid-point valuation of A$0.047 per share and an implied Price/NAV of just 0.21x.

Importantly, the current valuation focuses on the Zopkhito Project and excludes any upside from Krakatoa's Mt Clere rare earths asset in Western Australia, which already hosts a JORC-compliant resource. **As the company progresses toward delivering a JORC 2012-compliant resource at Zopkhito, and as market understanding of Georgia improves, we expect greater investor confidence and a material re-rating.** Georgia's favourable operating environment—characterised by low labour costs, streamlined permitting, and a supportive regulatory framework—offers clear advantages over many mining jurisdictions. Combined with rising global demand for antimony and increased friend-shoring efforts from Western economies, Krakatoa is well-positioned to benefit from both strategic and structural tailwinds. **The current dislocation between market price and intrinsic value presents a compelling entry point for investors.**

Zopkhito: High-Grade, Scale, and Exploration Upside

Zopkhito is the flagship project of Krakatoa Resources and the primary driver of the company's valuation, offering a rare combination of grade, scale, and strategic relevance in the global antimony market. At the core of Zopkhito's appeal is the presence of a remarkably high-grade antimony resource hosted within a central quartz-stibnite vein system, **estimated at 225Kt @ 11.6% Sb for 26,000 tonnes of contained metal** (Figure 2**), making it one of the few undeveloped, high-grade Sb deposits globally**. This vein system, verified by both Soviet-era GKZ and EMED's 2008 modelling, exhibits exceptional grade continuity with mineralised structures traceable for over 1km along strike in several adits. A comprehensive overview of the project's history is included in the appendix. Complementing this is a significantly larger and more spatially distributed gold system, **estimated at 7.1Mt @ 3.7g/t Au for 815,000 ounces**, hosted within a broader hydrothermally altered halo that envelopes the Sb-rich veins. This alteration zone, typically 3–5m wide, is characterised by fine-grained, disseminated gold associated with arsenopyrite and pyrite mineralisation, and has been largely under-explored. However, re-sampling in recent years has confirmed meaningful gold grades in the alteration zone, expanding the project's potential from a narrow-vein Sb operation into a dual-commodity system capable of supporting both underground and potentially selective bulk mining strategies. The gold halo not only enhances overall project value and optionality but also allows for a shared processing pathway, with preliminary flotation testwork indicating high recoveries of Sb from composite samples.

Figure 2: Antimony Foreign Resource Estimate at Zopkhito

Resource Classification (Russian GKZ)	Grade (Sb%)	Tonnes (t)	Number of veins	Mean vein thickness (m)	Contained Sb Metal (t)
B	12.32	9,479	3	0.35	1,231
C1	11.71	69,715	16	0.34	8,492
C2	11.41	137,668	14	0.33	15,874
P	11.54	7,673	8	0.28	523
Total	**11.63**	**224,535**	**17**	**0.34**	**26,120**

Source: Company

Figure 3: Gold Foreign Resource Estimate at Zopkhito

Resource Classification (Russian GKZ)	Ore Tonnes (t)	Grade Au (ppm)	Au (kg)	Au (oz)
C2	1,994,500	4.2	8,377	269,323
P1	2,907,150	3	8,721	280,401
P2	2,358,491	3.5	8,255	265,395
TOTAL	**7,260,141**	**3.7**	**25,353**	**815,119**

Source: Company

The resource estimate is reported according to the Russian GKZ classification system, which categorises mineral resources based on the level of geological confidence, ranging from B (most confident) through C1 and C2 to P (least confident). The antimony veins, which exhibit a mean

vein thickness of 0.34 metres, are relatively consistent in grade, with high-grade mineralisation evident across the mapped structures.

Analysing Zopkhito's gold endowment, we see the more confident C2 category, comprising around 2 million tonnes at 4.2 grams per tonne for 269,323 ounces, represents the highest-grade portion of the gold resource. The gold is spatially associated with the antimony-rich quartz-stibnite veins and the surrounding hydrothermal alteration halo, which is typically composed of arsenopyrite-pyrite mineralisation. As shown by the resource estimate, it is now shown that the tenement likely hosts significant additional gold mineralisation, representing a major upside to the project.

KTA is actively advancing the Zopkhito Project towards JORC compliance this year.

KTA is actively advancing the Zopkhito Project towards JORC compliance this year, building on the robust historical resource base with a comprehensive validation and exploration program. While the current foreign resource estimate is not yet JORC 2012 compliant, as it is based on the Russian GKZ classification system, Krakatoa has outlined a clear and strategic pathway to achieve compliance**. Conversion to a JORC standard will enhance the project's credibility and most likely lead to a re-rate in the stock after the project becomes further derisked**. Work will include undertaking drilling from surface targeting the veins between adits to better define vein continuity and geometry , and conducting in-adit drilling to validate previous adit assays . Additional systematic sampling and metallurgical test work are planned to confirm the recovery characteristics of both antimony and gold. New geological modelling will be used integrate updated structural data and assay results from both historic and new drilling campaigns.

Exceptional Grades for both Minerals

Gold mineralisation has been identified in the footwall, hanging wall, and within the quartz-antimony vein itself. Over 5,700 channel samples have been assayed for gold, with more than 1,400 returning grades exceeding 2 g/t Au. The exceptional grades of the project are higlighted by the below intercepts:

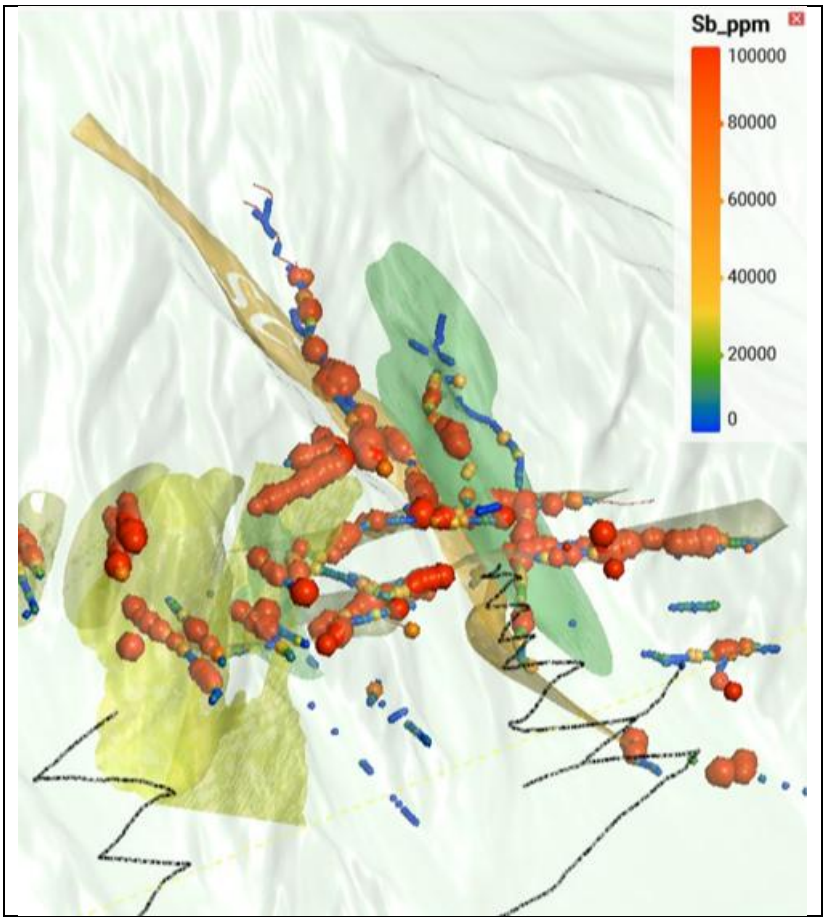
- 58.4 g/t Au from the footwall over 0.5m
- 37.2 g/t Au from the hanging wall over 1m
- 35.7 g/t Au from the footwall over 0.8m

It is worth noting, these distances were limited to the adit size so the mineralisation may go beyond that sampled and seen within the adit. Similarly, antimony mineralisation at Zopkhito is characterised by robust grades verified through more than 15,000 geochemical samples, of which over 3,200 returned antimony grades exceeding 2% Sb. Outstanding channel intercepts include:

- 82.8% Sb from Vein 2 over 0.3m
- 51.8% Sb from Vein 2 over 0.5m
- 45.1% Sb from Vein 6 over 0.8m
- 37.1% Sb from Vein 6 over 1m

The consistency of high-grade samples across both gold and antimony demonstrates Zopkhito's strong resource potential.

Figure 4: Antimony Geochemical Sampling at Zopkhito



Source: Company

This 3D visualisation map (Figure 4) illustrates antimony (Sb) geochemical sampling results from Zopkhito. The colour scale represents antimony concentrations in parts per million (ppm), with red indicating the highest concentrations (greater than 100,000 ppm or 10%) and blue representing low to background levels. The red spheres indicate areas with high-grade antimony mineralisation, which appear to cluster along multiple vein structures, confirming both vertical and lateral continuity. The green and yellow translucent bodies likely represent interpreted mineralised veins which host the Sb resource. . For investors, it provides visual confirmation of strong exploration upside and supports the potential for a significant JORC-compliant resource.

Metallurgy Underscores Project Viability

Early metallurgical test work at Zopkhito has demonstrated promising results, particularly concerning antimony recovery. Flotation tests conducted in 2012 reported antimony rougher recoveries exceeding 90% from high-grade antimony and gold samples. These findings have been further validated by advanced flotation processing tests conducted in 2018, which utilised an 800 kg bulk sample with a head grade of 2.2% Sb. The tests successfully implemented a single selective stibnite flotation route with one cleaning stage, achieving a high-grade antimony concentrate grading 56% Sb with low arsenic content. This outcome confirms the potential for efficient antimony extraction using relatively simple processing methods, minimising the need for complex and capital-intensive techniques. The majority of the gold was reported to the flotation rougher tails, presenting a clear opportunity for further recovery through a secondary processing route—either to concentrate or extract the gold. Additionally, silver and other base metals are present within the system but have not yet been the focus of a detailed metallurgical assessment, highlighting further upside potential.

The gold recovery at Zopkhito presents an exciting blue-sky opportunity, with limited studies carried out at this stage. Potential processing methods under consideration include pressure

oxidation (POX) and ultrafine grinding, both of which can enhance gold liberation and increase recovery from arsenopyrite-rich zones. By investigating the most effective recovery strategies, the company aims to maximise the gold potential at Zopkhito, adding considerable upside to the project's economics.

Zopkhito's dual mineralisation of antimony and gold creates the potential for multiple ore sources that can efficiently share processing infrastructure. This integrated approach not only strengthens the project's economic viability but also introduces a high degree of flexibility in mining and processing strategies. By enabling phased development and staged production, Krakatoa can optimise resource extraction and processing efficiency, ultimately maximising project returns.

Extensive growth potential

Beyond the defined resource areas, Zopkhito presents extensive growth potential across multiple fronts, offering meaningful upside to any initial development scenario. Recent reinterpretation of induced polarisation (IP) geophysics has identified multiple untested chargeability anomalies aligned with known structures, suggesting continuity of mineralised veins at depth and the presence of parallel systems previously unmapped. In addition to these geophysical targets, intervein zones—historically overlooked—are now emerging as highly prospective, with initial sampling indicating the potential for mineralised link structures or broader alteration-hosted systems. This raises the possibility of defining a more continuous and larger ore system.

Krakatoa's vast underexplored potential is further shown by the presence of open areas between historical adits, where vein modelling has ceased at the lowest adit level, leaving significant gaps in the continuity assessment. Additionally, areas of outcropping antimony along strike and on the opposite side of the valley have been identified but not followed up, indicating substantial room for further exploration. No drilling has been conducted, leaving the possibility of discovering additional mineralisation sets as highly proable. Out of the 60 identified veins at surface, only 17 have been investigated in detail, leaving over 40 veins as prospective, untested targets.

Georgia's Strategic Edge

Located in Georgia—a Eastern European business-friendly nation—Zopkhito benefits from a stable operating environment that supports long-term resource development. The country's favourable standing in global rankings highlights its appeal for investment, as reported by the World Bank Group's study[1]:

- **7th**: **'Ease of doing business and protecting minority investors'**, providing a robust legal framework and transparent governance.
- **2nd: 'Budget transparency'**, ensuring clear and accountable financial management, vital for exploration projects.
- **12th: 'Starting a business'**, minimising administrative barriers and enabling rapid project initiation.
- **1st: 'Enforcing contracts'**, guaranteeing legal certainty and reducing the risk of disputes.

Due to limited investor familiarity with Georgia's geological potential and investment profile, this value is yet to be fully recognised. This market inefficiency represents a great opportunity for investors.

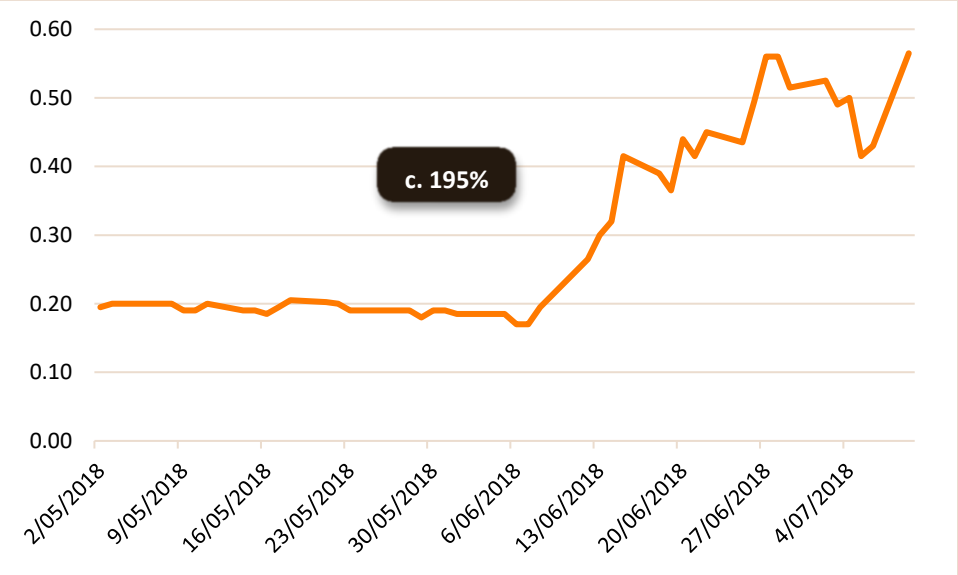
Georgia has established an open and low-tax economic landscape that actively promotes foreign investment, particularly in strategic sectors such as mining and infrastructure. Through its extensive network of free trade agreements (FTAs), including agreements with the European Union and China, Georgia grants duty-free access to over 2.8 billion consumers. As a signatory to the Deep and Comprehensive Free Trade Area (DCFTA) with the EU, the country offers highly competitive export conditions for critical minerals, such as antimony, positioning KTA to efficiently reach both European and Asian markets. Furthermore, Georgia's geopolitical neutrality and multi-vector trade policy ensure that Krakatoa can operate without the strategic friction often associated with emerging-market jurisdictions.

[1] https://archive.doingbusiness.org/en/data/exploreeconomies/georgia

Through its exclusive option to acquire 80% of the Zopkhito antimony-gold project, Krakatoa has gained exposure to a highly prospective and historically developed asset that **would likely command a significantly higher market valuation were it located in a more established mining jurisdiction, such as Australia or Canada**. The project boasts high-grade mineralisation, substantial historical underground development, and strong critical mineral credentials. However, **due to limited ASX investor familiarity with Georgia's geological potential and investment profile, this value is yet to be fully recognised**. **This market inefficiency represents a great opportunity for investors.**

The Zopkhito project and its geography are analogous to the early success of Adriatic Metals (ASX:ADT), which underwent a substantial rerating after its first mover project in Bosnia was correctly understood by the market. ADT's Vares Project initially flew under the radar until market participants began to understand the scope of the opportunity and the advantages of operating in a frontier European jurisdiction. Krakatoa is now in a similarly strategic position, having secured a foothold in Georgia via the Zopkhito option, with the potential to convert historical resource estimates into JORC-compliant classification. As investors' understanding of Georgia's EU-aligned regulatory environment and geopolitical positioning improves, I believe Krakatoa is poised for a significant re-rating.

Figure 5: ADT Share Price



Source: East Coast Research & Capital IQ

ADT's first major rerating occurred between mid-2018 and late 2019, when consistent drilling success and resource growth drove a rapid appreciation in its share price, climbing from its IPO price of A$0.20 to over A$1.00 in less than 18 months. The release of its maiden JORC Mineral Resource Estimate in February 2018, followed by a positive Scoping Study in late 2019, reinforced the project's economic potential and positioned it as one of the highest-grade undeveloped polymetallic assets globally. ADT share price rose by 195% in the 6 months following their Maiden JORC MRE (Figure 5). **Just as investor perception of Bosnia evolved in tandem with ADT's project progress, we believe Georgia's investment profile is on a similar trajectory**, and Krakatoa is well-positioned to benefit from a comparable revaluation as it advances Zopkhito toward JORC compliance and development readiness.

Zopkhito's Labour Cost Advantage

Georgia offers a skilled and cost-effective mining workforce, presenting a significant operational advantage for the flagship Zopkhito Project. According to Talent.com, the average mining salary

in Georgia equates to approximately A$15,000 per year. In contrast, Australia's mining industry commands substantially higher wages; Talent.com reports an average salary of AUD$125,109 per year, with top earners making as much as AUD$179,839. This substantial disparity means labour costs in Georgia can be significantly lower than in Australia. Additionally, Georgia's mining sector benefits from a growing pool of qualified professionals, supported by government initiatives in technical education and vocational training. The availability of affordable, skilled labour in Georgia reduces the need for costly fly-in-fly-out arrangements and extensive training programs, thereby lowering operational expenditures.

Strategic Local Partnership

Krakatoa Resources' has a well-connected and in-country active partner in Georgia through JSC Caucasus Minerals (JSCCM) to assist with managing exploration. **This partnership helps KTA navigate Georgia's nuances by leveraging off JSCCM's local expertise, operational and regulatory knowledge.** Krakatoa's 12-month option, signed with local vendor JSC Caucasus Minerals (JSCCM), provides the company with exclusive rights to acquire the 80% project interest at any time during the term, with a discretionary 12-month extension available for an additional fee. During this phase, Krakatoa is committing to a US$2 million minimum technical program aimed at converting the foreign resource to JORC 2012 standards and preparing a preliminary economic study. Critically, this staged structure allows Krakatoa to aggressively progress with adit sampling, surface geochemistry, geophysics, 3D modelling and metallurgical work while retaining full discretion on acquisition. The low-cost entry (US$100k initial fee, US$7M acquisition price) and optional 50% share-based settlement offer capital management flexibility, while limiting upfront dilution and de-risking shareholder capital. **The mining licence is granted through to 2042**, eliminating title uncertainty, and includes a first right of refusal over the vendor's remaining 20% stake. JSCCM is free-carried to a decision to mine and may elect to be loan-carried thereafter, aligning incentives through early development. **Krakatoa's option-based approach provides a prudent and flexible framework to thoroughly assess the geological potential and commercial viability of the project before committing significant capital and resources**.

This partnership helps KTA navigate Georgia's nuances by leveraging off JSCCM's local expertise, operational and regulatory knowledge.

Mine to Market: Zopkhito's Nearby Infrastructure

The Zopkhito Project benefits from excellent infrastructure, enhancing its potential for efficient development and future production. **Located just 20 kilometres from the recently completed Ghebi hydropower plant, the project has access to a reliable, low-cost, and renewable energy source, ideal for both mining and processing activities**. The broader region is well-served by a network of sealed roads and rail connections that link directly to Georgia's key Black Sea ports, including Poti (262 km) and Batumi (290 km). These ports offer established bulk and container handling facilities, providing efficient export routes to Europe and Asia. The combination of road, rail, and port access enables flexible logistics for transporting concentrate, reducing reliance on any single route. This existing infrastructure not only minimises capital expenditure and operational costs but also aligns with Krakatoa's strategy to develop a low-emission, energy-efficient operation

A Clear Path to Development

Zopkhito will continue to build on the field season that commenced in May, focusing on enhancing the geological model and geochemical database to JORC 2012 standards.

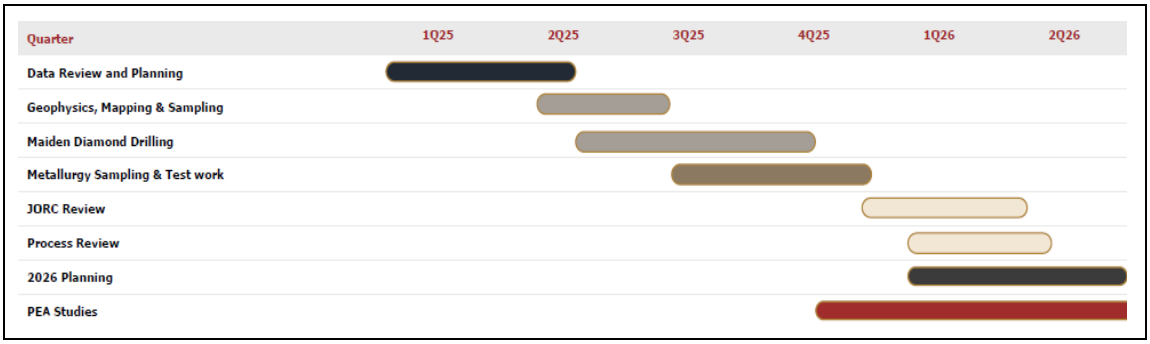
The next stage of development will be a maiden diamond drilling program aimed at intersecting known vein systems from surface, with subsequent in adit drilling planned to further delineate the high-grade antimony and gold veins identified during historical exploration. The primary goal of this exploration phase is to obtain sufficient data to support the transition from a foreign resource estimate to a JORC 2012 compliant Mineral Resource Estimate (MRE).

Concurrently, Krakatoa plans to advance metallurgical test work to establish the most efficient processing flowsheet for both antimony and gold. Early flotation tests have already shown

promising antimony recovery rates exceeding 90%, while gold recovery optimisation will focus on refining techniques such as fine grinding, pressure oxidation (POX), and low pH pressure cyanidation to enhance liberation from arsenopyrite-rich zones.

Blue-sky exploration will also form a key component of Krakatoa's strategy, with drilling planned to test near-mine extensions and previously untested vein systems. This phase will include the first-ever drilling in zones between historical adits, targeting both lateral and vertical continuity of mineralisation.

Figure 6: Zopkhito Project Timeline



Source: Company

The overarching objective is to rapidly advance Zopkhito to a development decision by progressing through a series of exploration and validation milestones. By completing the JORC Mineral Resource Estimate (MRE) and a Preliminary Economic Assessment (PEA) within the next 12-18 months, Krakatoa aims to establish a scalable mining operation supported by a robust and compliant resource base. As each phase is completed, the company intends to incorporate new data into ongoing feasibility studies, ensuring a clear pathway to production while maintaining the flexibility to adapt the project scope based on the success of exploration. **With each stage of advancement likely to be a catalyst for a stock re-rating as the project progressively de-risks.**

Mount Clere: Unlocking Western Australia's Next REE Frontier

The Mount Clere Project, wholly owned by Krakatoa Resources, is a critical minerals and rare earth element (REE) exploration project located approximately 200 km northwest of Meekatharra in Western Australia. The project is situated within the Narryer Terrane, part of the north-western margins of the Yilgarn Craton, and spans an area of 1,060 km^2 under several exploration licenses. The region is highly prospective for diverse REE deposit styles, including gold, intrusion-hosted sulphides, and buried carbonatites, as well as critical minerals like niobium and tantalum, particularly at key targets such as Stone Tank

The most prospective asset within the Mount Clere Project is the Tower Project, discovered in April 2022**. It ranks among Australia's largest clay-hosted REE resources, with a maiden Mineral Resource Estimate (MRE) of 101 Mt @ 840 ppm Total Rare Earth Oxides (TREO), of which 40% is classified as indicated**. Despite this substantial resource, only 20% of the identified target area has been drilled, indicating significant growth potential. Metallurgical testing has demonstrated promising recoveries of up to 64% for neodymium (Nd) and 61% for praseodymium (Pr) through simple extraction techniques, comparable to other major clay-hosted REE projects.

The maiden MRE for the Tower Project (Figure 7)within the Mount Clere Project was established in April 2022. The estimate of 101Mt @ 840ppm TREO (Total Rare Earth Oxide) is based on

substantial exploration data collected within the first seven months following the deposit's discovery.

Figure 7: Tower project Mineral Resource estimate and Exploration Target

Resource Classification (JORC)	Tonnes (M)	TREO (ppm)	TREO - CeO2 (ppm)	CREO (ppm)	HREO (ppm)	LREO (ppm)	U3O8 (ppm)	ThO2 (ppm)
Indicated	40	824	481	233	182	642	1	31
Inferred	61	852	540	290	266	586	2	32
Total*	**101**	**840**	**517**	**267**	**233**	**607**	**2**	**32**
Exploration Target	57 - 481	530 - 1050	320 - 625				1 - 4	10 - 35

*Mineral Resources reported at a cut-off grade of 300 ppm TREO-CeO2

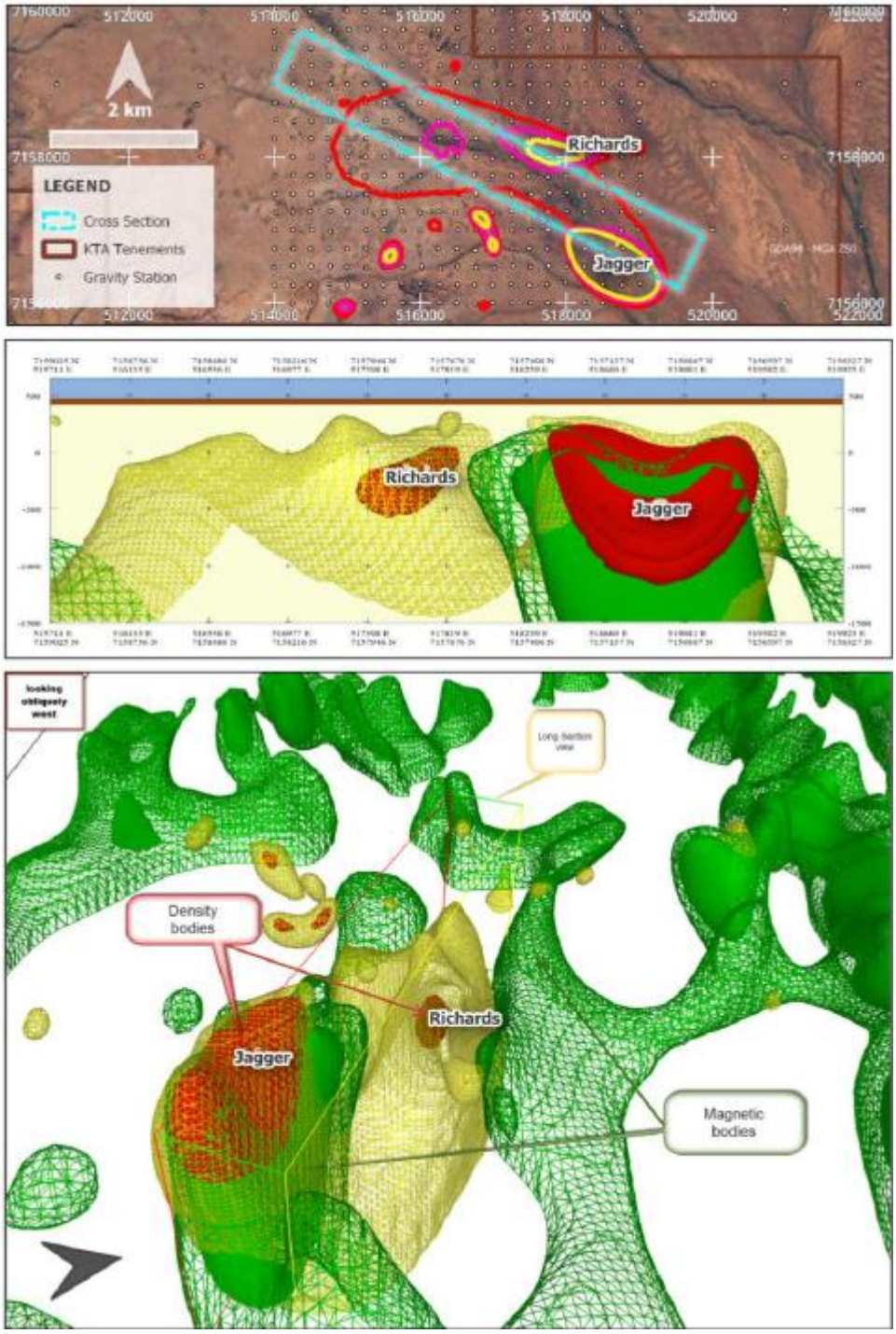
Source: Company

A significant milestone for Krakatoa is the successful reporting of promising metallurgical recovery rates for key critical rare earth elements (REEs) from the Tower deposit. Through the application of simple extraction techniques, the company has achieved recoveries of up to 64% for Neodymium (Nd) and 61% for Praseodymium (Pr). These recovery rates are comparable to those seen in globally significant clay-hosted REE projects, underscoring the economic viability of the Tower Project.

In addition to the Tower Project, the Mount Clere Project area hosts several other promising targets. The Stone Tank prospect is notable for its potential niobium mineralisation. Recent soil sampling programs over these areas have revealed zones enriched with niobium (Nb) and rare earth elements, alongside pathfinder elements like titanium (Ti) and phosphorus (P). These geochemical anomalies coincide with a 15 km-long regional gravity high, suggesting the presence of dense, potentially carbonatite-related, intrusive bodies beneath the surface.

The two key gravity anomalies—Jagger and Richards are major drilling targets. The Jagger Target is characterised by a prominent oblong gravity anomaly (1.5 km by 0.8 km) with a strong amplitude gravity response aligned with a magnetic high, indicating dense, magnetically susceptible material. In contrast, the Richards Target, an elongated gravity body approximately 1.3 km long and 450 m wide, features a high-density core with limited magnetic anomaly response. Historical exploration by BHP Minerals and Astro Mining in the 1990s also confirmed the presence of heavily enriched monazite sands, reinforcing the potential for significant REE mineralisation.

Figure 8: Richards and Jagger Targets: 3D Geophysical Modelling and Structural Interpretation



Source: Company

The image provides a composite visualisation of geological exploration data for the Mt Clere, focusing on the Jagger and Richards gravity anomalies. It combines surface geophysical mapping, cross-sectional gravity modelling, and three-dimensional density and magnetic analysis to illustrate the spatial characteristics of these key targets. The surface geophysical map highlights gravity stations and contours, showing strong gravity anomalies at Jagger and Richards, with red and yellow indicating denser underlying formations. The cross-sectional model reveals that Jagger has a prominent high-density core, likely indicative of a carbonatite intrusion or similar dense mineral body, while Richards appears less dense but still significant.

The three-dimensional density and magnetic model further illustrates the subsurface structure, showing Jagger as a larger, denser anomaly with associated magnetic bodies, while Richards, though smaller, also exhibits density contrasts. The data indicates that Jagger and Richards is likely host a strong critical minerals deposit, particularly those related to carbonatite or intrusive complexes, justifying continued exploration and drilling to assess their potential for rare earth elements (REE), niobium, and other minerals.

The Mt Clere Project has now secured a total of $400,000 in grant funding from the Western Australian Government under the Exploration Incentive Scheme (EIS), including a recent $220,000 grant awarded to support upcoming drilling. This cumulative support underscores both the project's geological potential and its strategic significance within Western Australia's critical minerals landscape. The EIS is designed to stimulate exploration in underexplored regions and advance projects with the capacity to contribute meaningfully to the state's future-facing mineral supply. Krakatoa's success in attracting multiple rounds of EIS funding reflects growing institutional confidence in the project's prospectivity and positions the company favourably for future grant allocations as exploration progresses.

Antimony: A Strategic Metalloid with Expanding Industrial Applications

Antimony (Sb), a metalloid often associated with gold and lead-silver deposits, is recognized as a critical mineral by several nations, including Australia, the United States, the European Union, Japan, and Canada. Its designation stems from its essential role in various industrial applications and its limited global supply. The primary source of antimony is the sulphide mineral stibnite (Sb_2S_3), which is present at Krakatoa Resources' Zopkhito project in Georgia. Antimony also occurs in compounds like antimony oxide and forms alloys with various metals.

Global Production and Supply Concerns

China remains the dominant force in the antimony market, accounting for two-thirds of the current supply, as shown in (Figure 10), and around one-third of global economic resources, illustrated in (Figure 9). Russia, Bolivia, and Tajikistan follow as the next largest contributors. In a significant development, China introduced export restrictions on antimony-related products—including ores, metals, and oxides—effective 15 September 2024. These restrictions have amplified concerns around supply security and price volatility, particularly given China's critical role not only in production but also in the downstream processing of antimony globally.

Figure 9: Global Antimony Economic Resources by Country

Rank	Country	Economic Resources (kt Sb)	Percentage of World Total
1	China	480	32%
2	Russia	350	23%
3	Bolivia	310	21%
4	Australia	100.5	7%
5	Turkey	100	7%
6	USA	60	4%
7	Tajikistan	50	3%
8	Pakistan	26	2%
9	Mexico	18	1%

Source: East Coast Research & Geoscience Australia

Figure 10: Global Antimony Production by Country

Rank	Country	Production (kt Sb)	Percentage of World Total
1	China	100	63%
2	Russia	30	19%
3	Tajikistan	16	10%
4	Bolivia	3	2%
5	Burma	3	2%
6	Turkey	3	2%
7	Australia	2.03	1%
	Others	2.3	1%

Source: East Coast Research & Geoscience Australia

Georgia has a history of antimony occurences dating back to the Soviet era, with the Zopkhito project being the most notable example. The region's geological formations have been known to host significant antimony deposits, and historical exploration has identified substantial mineralisation. Krakatoa Resources' involvement in the Zopkhito project aims to revitalise this legacy, contributing to the diversification of global antimony supply and reducing reliance on dominant producers.

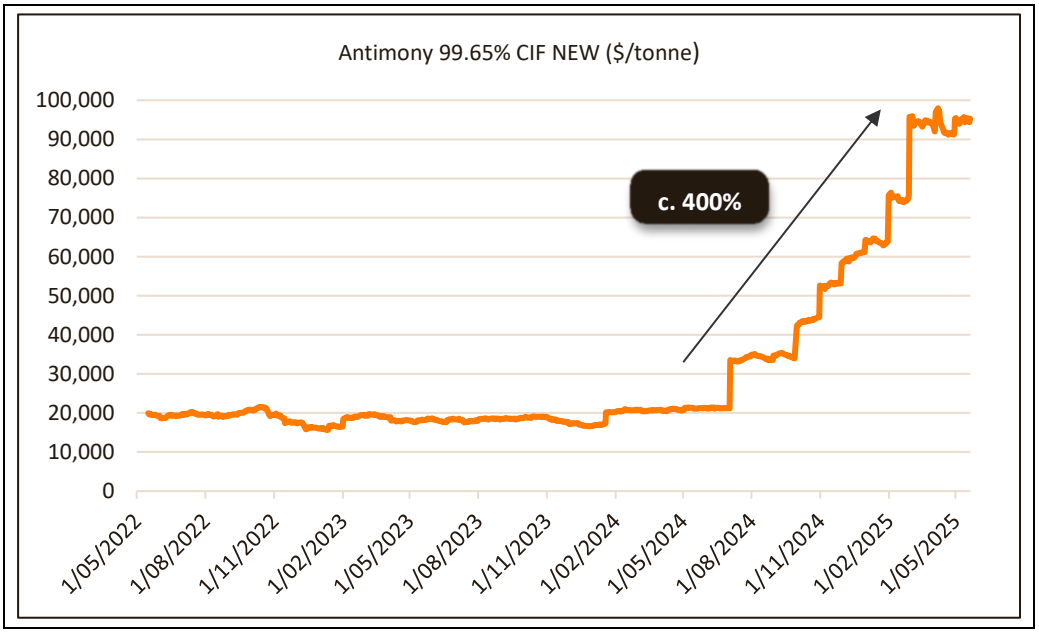
Market Dynamics and Pricing Trends

In 2024, antimony prices experienced a significant surge, reaching nearly A$100,000 per tonne.

Global antimony reserves are estimated to meet demand for about 24 years, a shorter outlook compared to other critical minerals like rare earth elements and lithium. China's production has declined from 61,000 tonnes in 2020 to 40,000 tonnes in 2024, attributed to decreasing ore grades and stricter environmental regulations. Consequently, China has become a net importer of antimony concentrates, sourcing from countries like Thailand, Myanmar, and Russia.

In 2024, antimony prices experienced a significant surge, reaching nearly A$100,000 per tonne. This spike reflects tightening global supply and increased demand pressures, underscoring the strategic importance of developing alternative sources outside China

Figure 11: Antimony Pricing at all-time-high presents a unique opportunity



Source: East Coast Research & S&P Capital. IQ

Diverse Applications Across Industries

Renewable Energy and Battery Technologies

Antimony's role in renewable energy is growing, particularly in advanced battery technologies. Liquid metal batteries (LMBs), incorporating antimony, offer potential as safer, longer-lasting alternatives to lithium-ion batteries for grid-scale energy storage. Antimony's properties contribute to high conductivity and stability, crucial for integrating renewable energy sources like wind and solar into storage systems.

Defense and Military Use

Antimony is vital in defense technologies, serving as a component in infrared sensors, night vision equipment, missile guidance systems, flares, and specific types of armor. Its ability to harden and strengthen metals makes it indispensable in military applications, highlighting its strategic importance.

Environmental Considerations and Recycling

Environmental concerns are increasingly influencing the practices of antimony mining and processing. Recycling contributes to the antimony supply chain, particularly in the United States, where secondary production, mainly from lead-acid battery recycling, helps reduce reliance on primary mining sources.

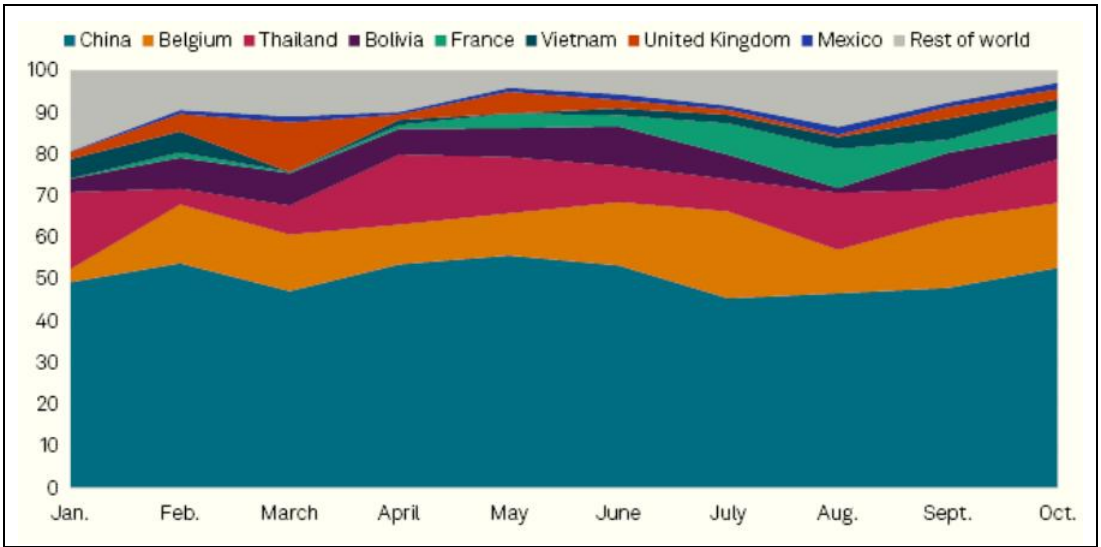
Supply Chain Developments and Strategic Initiatives

China's export restrictions on antimony products have tightened global supply, leading to increased prices and prompting countries to seek alternative sources. Non-Chinese producers, including those in Europe, the United States, and Australia, are accelerating the development of new antimony resources to mitigate reliance on Chinese exports. Russia and Tajikistan, with substantial reserves, are positioned to play larger roles in the global market. Russia's Polyus Olimpiada mine has increased antimony output, while Tajikistan has boosted exports to meet rising demand.

Demand Drivers and Future Outlook

Figure 12 illustrates the changing composition of U.S. antimony imports by country of origin throughout 2024, expressed as a percentage of total imports each month. It shows that from January to October 2024, the United States sourced approximately half of its antimony from China, making China the dominant supplier. While China consistently represented the largest share of U.S. imports, there was a modest shift toward more diversified sourcing between August and October, likely in anticipation of trade restrictions. This is particularly relevant in light of China's formal decision to ban antimony exports to the U.S. beginning in December 2024.

Figure 12: Changing Composition of US Antimony Imports by Country for 2024



Source: S&P Capital IQ, 5th Dec 2024

these developments could enhance strategic value and investment appeal as Western nations look to secure stable, long-term access to critical minerals.

The data highlights the strategic risk the U.S. faces due to its heavy reliance on Chinese antimony. Given that antimony is a critical mineral used in energy storage, defence, and fire-retardant materials, the loss of access to Chinese supply may trigger supply chain disruptions and price volatility. This situation reinforces the need for the U.S. and its allies to diversify their sourcing and develop alternative supply chains, particularly from friendly jurisdictions such as Australia or emerging producers like Georgia**. For emerging companies such as Krakatoa Resources with antimony projects outside of China, these developments could enhance strategic value and investment appeal as Western nations look to secure stable, long-term access to critical minerals.**

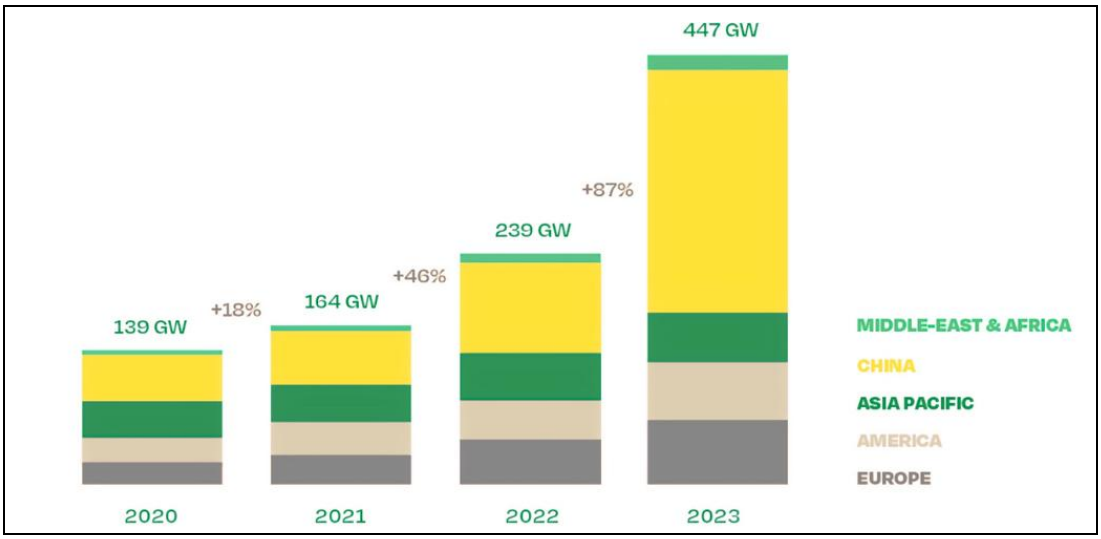
Fire Safety and Industrial Applications

Antimony's role as a flame retardant sustains its demand in industries like construction, electronics, and consumer goods. Stringent fire safety standards, particularly in North America and Europe, support this demand, which is expected to grow in tandem with the need for flame-retardant materials.

Renewable Energy and Energy Storage

The transition to renewable energy has heightened the importance of antimony, particularly in the solar industry. In 2024, **the share of antimony demand from photovoltaic cells is anticipated to reach nearly 40%, as it enhances cell efficiency in solar panels**. Its use in grid-scale energy storage also aligns with global sustainability goals, positioning antimony as a key mineral in the clean energy transition. The illustration below (Figure 13) underscores the accelerating global deployment of solar PVs, or solar panels, led by China but supported by rapid adoption across multiple regions. The dramatic rise in 2023 signals increasing urgency in energy transition efforts, cost competitiveness of solar technology, and growing policy support worldwide. This trajectory highlights strong demand for solar-related materials, including critical minerals like antimony, which is used in photovoltaic glass and energy storage systems.

Figure 13: Global Annual Solar PV Installations by Region



Source: Solar Power Europe

Automotive Sector and Lead-Acid Batteries

The automotive industry remains a significant driver of antimony demand, particularly through lead-acid batteries in hybrid and electric vehicles. Asia-Pacific, led by China, has seen steady growth in this sector as vehicle electrification continues. Lead-acid batteries, essential in conventional and start-stop vehicles, support a sustained demand trajectory for antimony.

Geopolitical Tensions and Strategic Stockpiling

Geopolitical factors further underscore antimony's importance, especially in military applications like ammunition and infrared technologies. As global tensions rise, several governments are securing domestic supplies of critical minerals, with antimony prioritized for stockpiling due to its defense applications.

Long-Term Market Projections

The long-term outlook for antimony remains positive, driven by sustained demand across high-growth sectors and ongoing supply constraints. Demand from the solar sector, particularly for photovoltaic glass production, is anticipated to be a key driver, with forecasts indicating that this sector could represent up to 39% of global antimony demand by 2026. This trend reflects global commitments to clean energy and efficiency improvements in solar technology, solidifying antimony's integral role in these applications.

Antimony's significance in military and electronics sectors remains critical, especially for flame retardants, ammunition, and various electronic components. Given its crucial role, demand for antimony is expected to increase further. However, this growth occurs amid geopolitical tensions, with many governments prioritizing the stockpiling of strategic minerals, including antimony, to secure supply chains against potential disruptions. The pressure on global production due to declining ore grades, environmental regulations, and geopolitical restrictions further complicates the situation. China, responsible for nearly half of global antimony output, has experienced significant reserve depletion, and Russian supply has been volatile, partly due to sanctions.

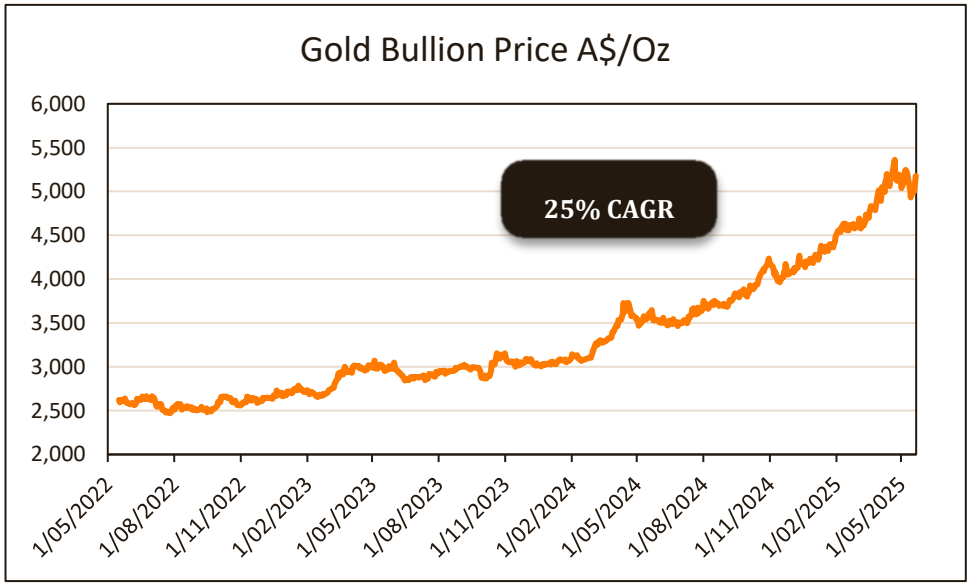
Supply shortages are expected to persist in the medium to long term, with estimates suggesting that the global market will face a supply gap potentially reaching 21,000 tonnes by 2026. As a result, prices are projected to remain high, fluctuating within the $12,000 to $14,000 per tonne range in the long term.

Gold at All-Time Highs: A New Era of Strategic Demand

JP Morgan now anticipates gold will reach USD $4,000 per ounce by mid-2026.

Gold prices have continued their strong upward trend in 2025, recently surpassing all previous records. In April, the gold spot price hit a historic high of **USD $3,500.05 per troy ounce, according to the World Gold Council.** In response, several major financial institutions have revised their forecasts**. JP Morgan now anticipates gold will reach USD $4,000 per ounce by mid-2026**, attributing the rise to mounting global trade tensions and increased demand for safe-haven assets. Similarly, Goldman Sachs projects prices of **USD $3,700 by thr end of the year**, with a potential surge to $4,500 in scenarios involving extreme risk events. These factors have all contributed to surging investor interest and rising prices as illustrated by the 3-year gold price chart (Figure 14) provided below in AUD.

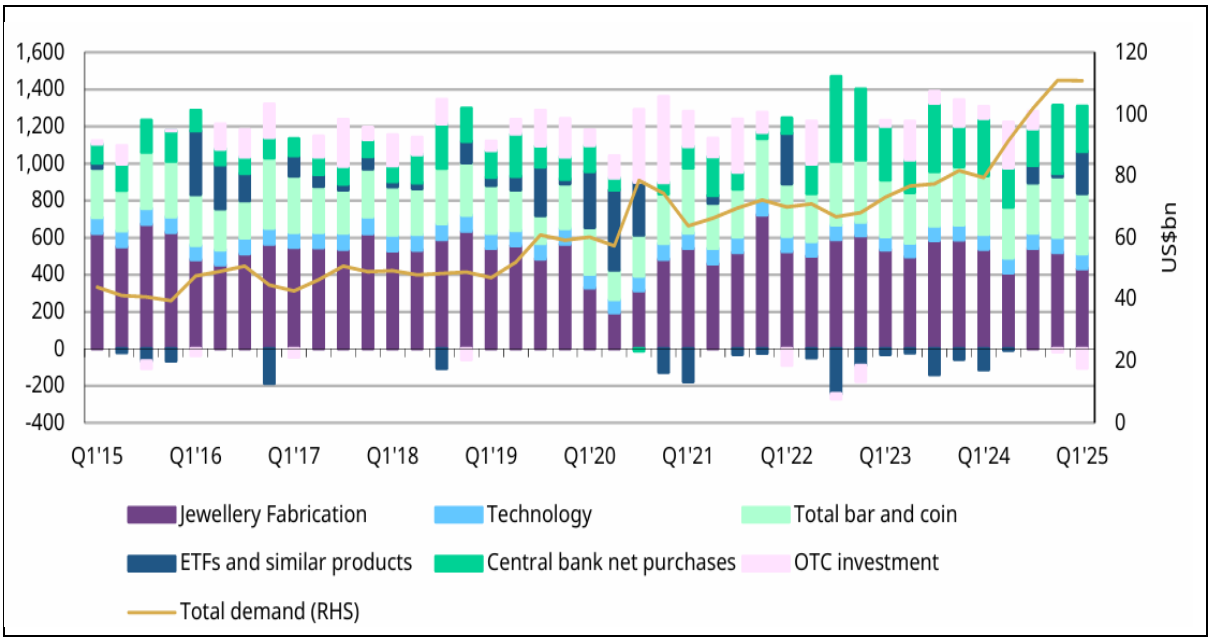
Figure 14: 3-year Gold Bullion A$ price per Oz



Source: East Coast Research & Capital IQ

When analysing gold demand, it is essential to consider the distinct sectors that drive global consumption. The **four primary components of gold demand are jewellery demand, investment demand, central bank purchases, and industrial use**. Jewellery remains the largest single source of physical demand, especially in culturally driven markets like India and China, where gold is deeply embedded in traditions and viewed as both adornment and a long-term store of value. Investment demand reflects gold's role as a safe-haven asset, with fluctuations often tied to inflation expectations, interest rates, and financial market volatility. Central banks play an increasingly strategic role, accumulating gold to diversify reserves and hedge against currency risks, particularly during times of global economic or geopolitical stress. Lastly, industrial and technological applications, while representing a smaller share of overall demand, are growing steadily due to gold's indispensable properties in electronics, medical devices, and emerging renewable technologies. Together, these segments form the foundation of global gold demand dynamics, and shifts in any one category can meaningfully impact market trends and pricing. n the sections that follow, we will examine each of these key demand drivers in turn to provide a comprehensive view of the current state of the gold market.

Figure 15: Quarterly gold demand by sector, tonnes, and value, US$bn



Source: World Gold Council

Jewellery Demand

In the first quarter of 2025, global jewellery demand experienced a decline in volume due to record-high gold prices impacting affordability. However, the demand for jewellery remained robust, with most markets, except China, witnessing increases. China faced challenges in its domestic economy, leading to a decrease in demand.

Despite the overall decline, **recent price pullbacks have spurred renewed interest in gold jewellery, particularly in key Asian markets**. In India, for instance, gold jewellery demand has been on the rise as prices fell from their April peak, according to Thomson Reuters.

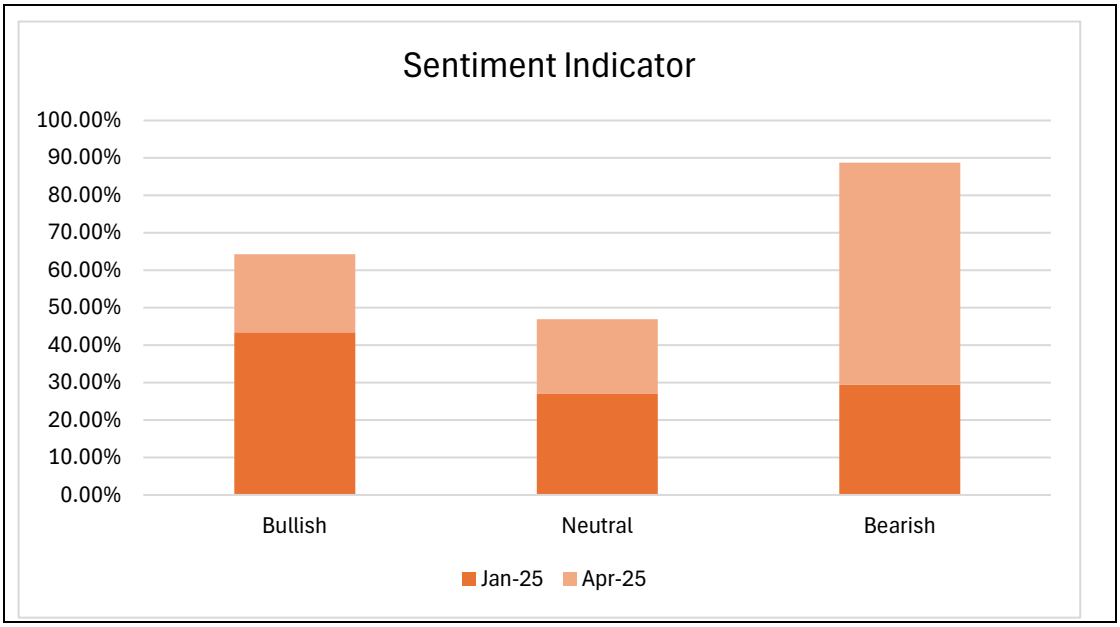
Investment Demand

Investment in gold saw significant growth in Q1 2025, with total investment demand reaching 552 tonnes, marking a 170% year-on-year increase. This surge was primarily driven by a sharp revival in gold ETF inflows and sustained bar and coin demand, particularly in China.

The heightened investment activity reflects investors' response to ongoing economic uncertainties and market volatility, reinforcing gold's status as a safe-haven asset.

The sentiment survey (Figure 16) reflects a clear shift toward bearishness among investors, with the proportion of bearish respondents rising sharply from January to April 2025. This increase suggests a growing lack of confidence in broader market conditions, likely driven by heightened economic uncertainty, geopolitical tensions, and inflationary pressures from Trump's tariffs. Historically, **periods of elevated bearish sentiment have correlated with increased investor interest in safe-haven assets such as gold**. As risk aversion intensifies, we anticipate this trend to continue, with gold demand from investors likely to strengthen in the coming months as a hedge against volatility and capital preservation strategy.

Figure 16: Sentiment Survey by the American Association of Individual Investors



Source: East Coast Research & American Association of Individual Investors

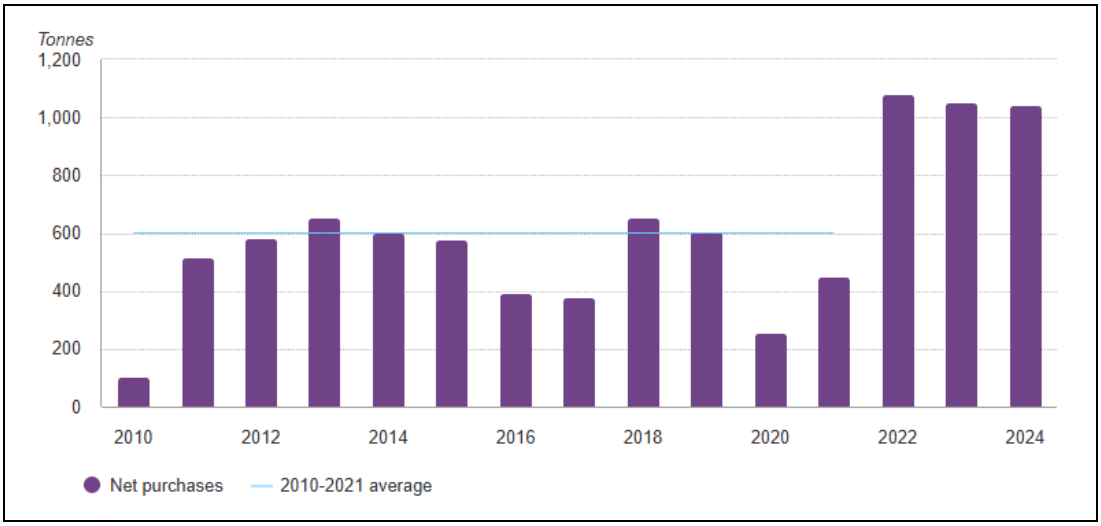
Central Bank Purchases

countries including China, Russia, and India have sharply increased their gold holdings, viewing gold as a sovereign-controlled asset that is insulated from sanctions, confiscation, and financial weaponisation.

One of the most influential drivers of the demand surge has been the sustained accumulation of gold by central banks. 2024 marked the **15th consecutive year of net gold purchases by central banks**, and notably, the **third straight year** in which global official sector demand exceeded **1,000 metric tons**, more than **double** the annual average recorded between 2010 and 2021. This trend has been fuelled in part by the broader momentum behind **de-dollarisation**, as countries seek to reduce reliance on the U.S. dollar in global trade and reserves. With the U.S. continuing expansive fiscal policy, market confidence in the dollar's long-term purchasing power has been eroding. The U.S. **debt-to-GDP ratio has reached approximately 123%** (as of FY2024), and the debt ceiling has been raised or suspended multiple times in recent years, raising concerns about fiscal sustainability.

This shift away from the dollar has accelerated since 2022, following the **freezing of over USD $300 billion in Russian foreign reserves** held in Western institutions—a response to Russia's invasion of Ukraine. This unprecedented move marked the first time that the reserves of a **G20 nation** were effectively rendered inaccessible, sparking fears among other sovereign states about the **political risk** of holding foreign exchange reserves in Western currencies. In response, countries including **China, Russia, and India** have sharply increased their gold holdings, viewing gold as a sovereign-controlled asset that is insulated from sanctions, confiscation, and financial weaponisation. **Figure 12** illustrates this trend in central bank purchases and the broader shift away from USD reserves.

Figure 17: Central Bank Gold Purchases and De-Dollarisation Trend (2009–2025)



Source: World Gold Council

Industrial Demand

Gold's industrial demand remained stable in Q1 2025, with technology-related applications accounting for 80 tonnes, unchanged from the previous year

The electronics sector continues to be the primary driver of industrial gold usage, leveraging gold's unique properties such as conductivity and corrosion resistance in advanced technologies, including semiconductors and renewable energy applications.

Overall, the gold market in 2025 reflects a complex interplay of factors, with investment and central bank activities bolstering demand, while jewellery consumption adjusts to price fluctuations. Industrial applications maintain a steady demand, highlighting gold's multifaceted role in the global economy.

Macro Tailwinds for Gold

Macroeconomic factors are also playing a key role in reinforcing gold's appeal. As a tangible, real asset, gold has historically provided a reliable hedge against inflation and currency debasement. With inflation still lingering and central banks gradually pivoting toward monetary easing**, the investment case for gold remains robust**. A critical element influencing the gold price outlook is the path of real interest rates—the inflation-adjusted return on bonds and savings. Because gold does not generate yield, it becomes more attractive when real yields decline. The U.S. Federal Reserve's latest guidance suggests two 25-basis-point rate cuts by year-end 2025. If realised, these cuts would likely soften real yields, enhancing gold's relative value.

Additionally, lower interest rates typically exert downward pressure on the U.S. dollar, making dollar-denominated assets like gold more affordable to foreign investors. A weaker dollar environment tends to stimulate demand for gold internationally, reinforcing its position as a globally attractive store of value in times of uncertainty and declining yield. Taken together, these macroeconomic, monetary, and geopolitical trends indicate continued strength in gold demand over the medium term.

Figure 18 illustrates the close inverse relationship between gold prices and U.S. 10-year real Treasury yields. While rising real yields have typically exerted downward pressure on gold, persistent global uncertainty and inflationary concerns have helped keep gold prices elevated near historical highs. These trends highlight the intricate interplay between supply-side constraints and demand-side resilience, which continues to influence market dynamics.

Figure 18: Historic Relationship between US Treasury Bond Yields and Gold Price

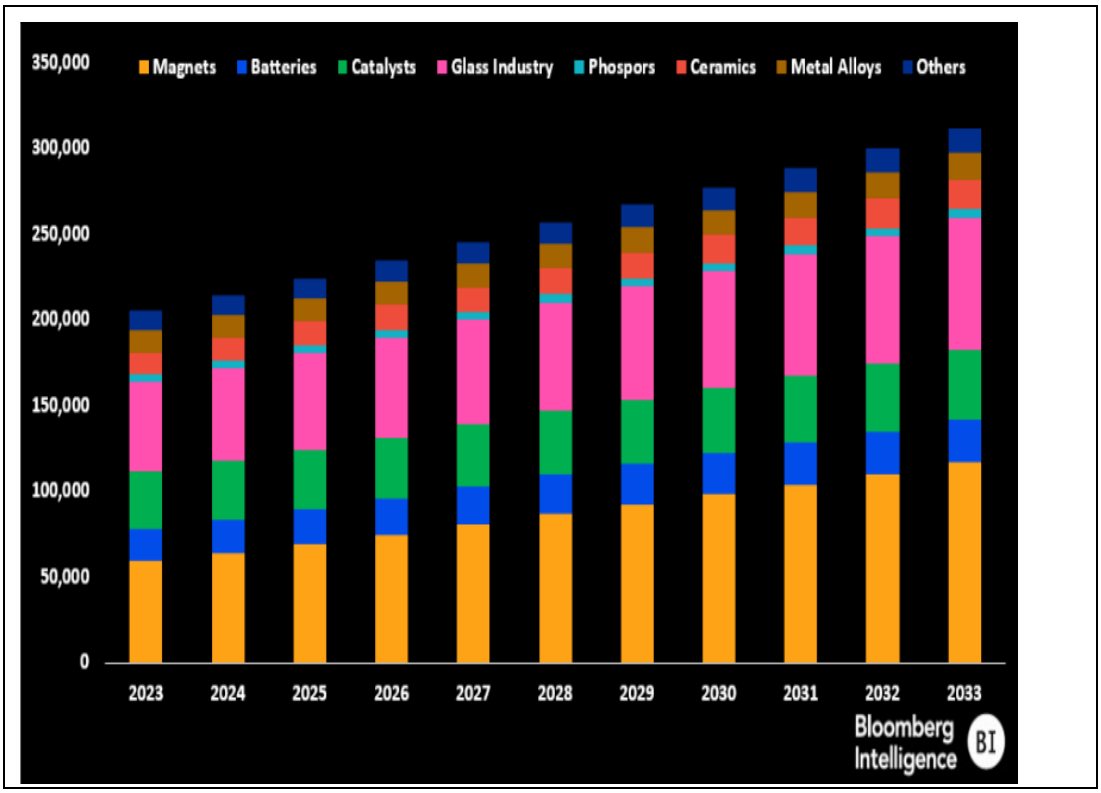
Source: JP Morgan Commodities Research

Rare Earths in a Divided World: Mt Clere Emerges as a Key Western Asset

While rare earth element (REE) prices have remained relatively low in recent years, the increasing geopolitical tensions could significantly alter the global market dynamics. Rare earth elements, a group of 17 chemical elements including the lanthanides, scandium, and yttrium, are not as scarce as the term "rare" suggests. Many of these elements are abundant but not often found in commercially viable concentrations. The REEs are categorized into light, medium, and heavy groups based on their atomic weight, with both REEs and niobium consistently appearing on critical minerals lists worldwide.

According to the US Geological Survey, global production of REEs in 2024 totalled 390,000 tonnes, with China contributing a dominant 270,000 tonnes. China's influence in the REE market is profound, controlling more than 90% of global processing. The relatively small size of the market has deterred major mining companies from participating, although prominent investor Gina Rinehart has acquired stakes in multiple REE mining and development companies, including the primary Western producers Lynas Rare Earths (ASX:LYC) and MP Materials (NYSE:MP).

Figure 19: Rare Earth Application for the Next Decade



Source: Bloomberg intelligence, BNEF, Argus

Demand for REEs is projected to grow steadily, driven by their broad range of applications. Unlike some other critical minerals, REEs do not play a direct role in lithium-ion battery technology. However, they are essential to the growing electric vehicle (EV) market. Light rare earth elements such as neodymium and praseodymium are essential components in the manufacture of high-performance permanent magnets used in electric vehicle motors, wind turbines, and advanced defence applications. **The Mt Clere Project hosts high proportions of these critical elements, as defined in its JORC-compliant Mineral Resource Estimate**. For instance, a 3-megawatt wind turbine can contain up to two tonnes of REEs. The defence industry also relies on REEs, with permanent magnets used in F-35 fighter jets, unmanned aerial vehicles, and other advanced systems. Everyday consumer electronics, from smartphones and LED screens to cameras and computers, also depend on REEs, as do medical devices, nuclear applications, and specialized manufacturing processes

The geopolitical significance of REEs has surged this year, largely due to actions taken by US President Donald Trump.

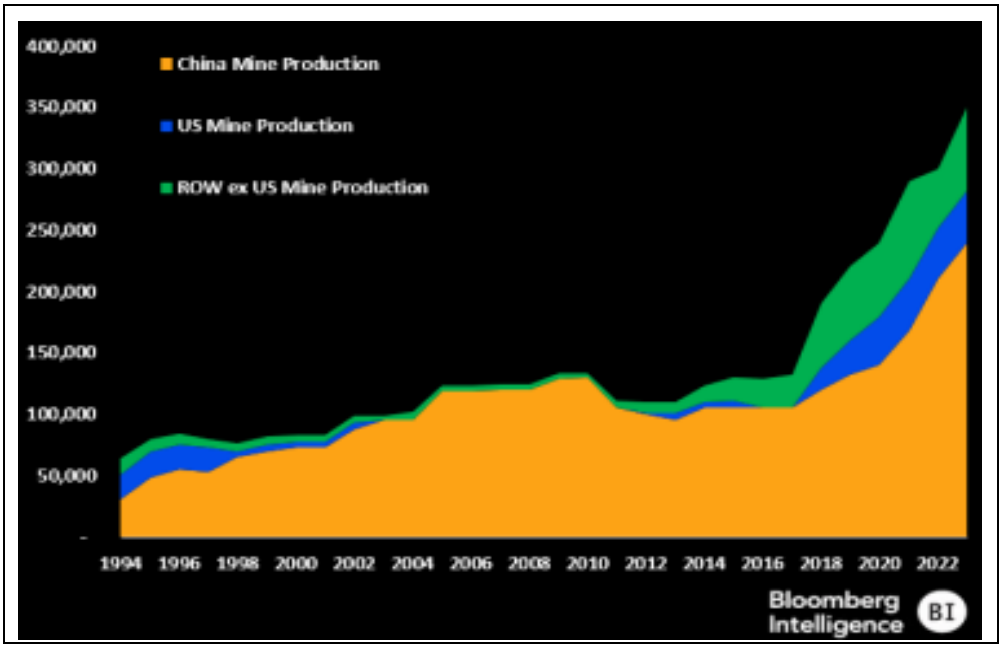
The geopolitical significance of REEs has surged this year, largely due to actions taken by US President Donald Trump. Early in his second term, Trump issued an executive order aimed at boosting domestic mineral production, noting that approximately 70% of US REE imports come from China. The order outlined a strategy to make the US a global leader in non-fuel mineral production, including rare earths. Around the same time, Trump expressed interest in acquiring Greenland, citing its strategic location and significant REE reserves. The political landscape grew even more complex when, during a meeting with Ukraine's President Volodymyr Zelenskyy, Trump and Vice President JD Vance publicly clashed, overshadowing a potential REE supply deal between the US and Ukraine.

China has maintained a tight grip on the REE market since implementing quotas in 2006, aiming to manage supply levels. The country also banned the export of REE extraction and separation technologies and, in late 2023, expanded these restrictions to include technologies for producing REE magnets. In response to new tariffs imposed by Trump in April—raising duties on most imports to 145% for China—Beijing retaliated by increasing tariffs on US goods to 125%. Additionally, China's Ministry of Commerce announced new export controls targeting medium and heavy REEs, including metals such as samarium, gadolinium, terbium, and dysprosium, as well as products containing neodymium magnets. Such actions are widely

interpreted as a countermeasure to US-led tariffs and broader decoupling efforts, reinforcing fears that REEs may be used as a strategic bargaining tool or even a retaliatory instrument in future trade or military conflicts.

China's dominance in the global rare earth element (REE) supply chain has become an increasingly prominent geopolitical risk, with the potential weaponisation of this control emerging as a key concern for Western economies (Figure 20). As the primary processor and exporter of over 85% of the world's rare earth elements (REEs), China holds near-monopolistic influence over materials critical to the production of electric vehicles, renewable energy infrastructure, and military technologies. This control grants Beijing significant leverage, particularly in the face of escalating trade tensions with the United States and its allies.

Figure 20: Rare Earth Production Historically



Source: Bloomberg Ingelligence, US Geological Survey

In response, the U.S., EU, Japan, and Australia are actively pursuing "friendshoring" strategies to diversify supply chains away from adversarial regimes. This includes the establishment of critical mineral alliances, direct government funding for REE exploration and processing projects, and strategic stockpiling. Australia, with its geological endowment, strong regulatory frameworks, and alignment with Western strategic interests, is emerging as a key beneficiary of this shift.

Against this backdrop, Australian-listed REE explorers and developers are increasingly viewed not just through the lens of traditional project economics, but as contributors to national and allied security. Projects like Krakatoa Resources' Mt Clere and others with JORC-defined resources of high-value magnet REEs (e.g. NdPr) offer exposure to a secular demand trend now reinforced by geopolitical urgency. Notably, Mt Clere has already received government grant funding to support exploration efforts, highlighting its strategic importance and alignment with national critical mineral objectives. These companies are therefore well-positioned to attract both public capital, through further government backing, and private capital as Western governments and industries prioritise secure supply chains.

Valuation: Peer Comparables Uncovers Considerable Undervalued KTA

Krakatoa Resources (ASX: KTA) offers a unique opportunity in the critical minerals and strategic metals space, anchored by its flagship Zopkhito antimony-gold project in Georgia. The valuation has been approached with a conservative lens, using a resource-based comparable methodology, centred solely on the Zopkhito Project, given it currently underpins the bulk of the company's asset value. However, **it is worth noting that Krakatoa has several other projects which all contribute to the investment case of KTA**. **For example, the Mt Clere rare earths project in Western Australia, where a JORC-compliant Mineral Resource Estimate has already been defined**. This project is not included in the current valuation scenarios but offers meaningful upside should KTA have further drilling, permitting or metallurgical results for the project.

Given Krakatoa Resources' position as an early-stage explorer, we adopt an enterprise value per contained resource (EV/resource) approach to provide a transparent and peer-comparable valuation framework. This methodology is especially suited to companies in the earlier phases of the discovery-development curve, where discounted cash flow (DCF) analysis is often premature due to the absence of feasibility-level studies, detailed cost assumptions, or production timelines. EV/resource enables investors to assess KTA's valuation relative to its in-ground metal content, capturing the latent value of its mineral inventory without being encumbered by speculative modelling assumptions. It also enables meaningful comparisons against a basket of domestic and international peers, highlighting valuation discrepancies driven by market sentiment, jurisdictional discounting, or the discovery stage.

that Krakatoa is significantly undervalued on a per-tonne basis, particularly given the project's superior grade profile.

This approach highlights a significant undervaluation when benchmarked against global listed peers, many of which command materially higher valuations despite operating in more capital-intensive or lower-grade environments. Adjustments have been made to reflect the market's relative jurisdictional discount for Georgia compared to Australian and Canadian listed peers as well as discounts for early-stage exploration risk. These adjustments ensure the valuation captures the inherent uncertainties of Krakatoa while highlighting the significant potential upside.

We benchmark Krakatoa against a peer group of ASX- and TSX-listed explorers and developers focused on antimony or antimony-gold resources. The selected peer set includes Larvotto Resources, Nagambie Resources, Octava Minerals, Mandalay Resources, Trigg Minerals, and Siren Gold. More details of the comparable companies is provided in the appendix. Although we have compared projects based on a resource base of antimony, as the peer set have antimony-gold projects, the gold benefits of the project should also be baked into the valuation. This ensures alignment in valuation multiples and reinforces the economic significance of gold within Krakatoa's project.

Krakatoa Resources (ASX: KTA) stands out in the peer comparables resource (Figure 21) not only for its **low enterprise value of A$4.2 million but more notably for its exceptionally high antimony grade of 11.63% Sb**, which is significantly higher than all other listed peers. In commodity markets—especially for strategic metals like antimony—grade is often a key determinant of project economics. Despite having a meaningful adjusted antimony resource of **17.8kt, Krakatoa trades at an EV/resource multiple of just A$0.24/t**, well below the peer group average of A$2.23/t and median of A$1.73/t. This suggests that **Krakatoa is significantly undervalued on a per-tonne basis, particularly given the project's superior grade profile**.

Figure 21: Peer Comparables Adjusted Resource

Company	Security Code	Market Cap^ (A$m)	EV^ (A$m)	Total Resource (kt Sb)	Sb Grade (%)	Inferred Resource (kt Sb)	Adjusted Sb Resource (kt)	EV / Adjusted Resource (A$t/Sb)
Larvotto Resources Limited	ASX:LRV	273.5	252.0	93.00	1.30%	26.0	80.0	1.58
Nagambie Resources Limited	ASX:NAG	15.3	19.7	20.80	3.90%	20.8	10.4	1.89
Octava Minerals Limited	ASX:OCT	2.2	0.4	17.50	3.50%	17.5	5.3	0.08
Mandalay Resources Corporation	TSE: MND	497.7	369.1	44.10	2.35%	14.2	37.0	4.99
Trigg Minerals Limited	ASX: TMG	36.0	29.6	15.60	2.56%	15.6	7.8	3.79
Siren Gold Limited	ASX: SNG	10.7	7.6	14.50	1.71%	14.5	7.3	1.05
Krakatoa Resources Limited	**ASX: KTA**	**5.58**	**4.2**	**26.12**	**11.63%**	**15.9**	**17.8**	**0.24**
Peer Median		**15.3**	**19.7**					**1.73**
Peer Average		**97.0**	**90.7**					**2.23**

Source: East Coast Research

Georgia benefits from materially lower labour costs compared to tier-one mining jurisdictions, which is likely to have a positive impact on project economics once development studies begin.

To enhance comparability, two key adjustments are made. First, we apply a 50% discount to the EV/resource multiples of peers with market capitalisations exceeding A$100 million—specifically Larvotto and Mandalay—to reflect their lower relative risk and more advanced position in the project and business life cycle. Second, we apply a 45% discount to the average peer EV/resource multiple in our base case scenario to account for the jurisdictional discount typically assigned by the market to developing economies such as Georgia. In our bull case scenario, a more moderate 35% discount is applied, reflecting the potential for valuation convergence as the project advances and derisks further. Although we apply discounts to reflect how companies with assets in developing jurisdictions are typically priced relative to those in Australia and Canada, it is important to contextualise these assumptions. **Georgia presents several notable advantages that may ultimately support a compression of the current jurisdictional discount**. Unlike Australia, which often faces regulatory hurdles including native title approvals, heritage site clearance, and complex landholder access agreements, Georgia offers a **more streamlined regulatory environment with significantly less red tape**. These benefits translate directly into cost and time savings across permitting, exploration, and development. Furthermore, Krakatoa has de-risked much of its operational exposure through its strategic partnership with JSCCM, a local Georgian mining company with deep regulatory knowledge, permitting experience, and logistical expertise. JSCCM's presence reduces the execution risk typically associated with foreign operations in emerging markets. Additionally, Georgia benefits from materially lower labour costs compared to tier-one mining jurisdictions, which is likely to have a positive impact on project economics once development studies begin.

All resource comparisons are normalised using a classification-weighted approach: 100% of Measured and Indicated resources are included, 50% for Inferred, and 30% for potential resources or exploration targets. For Krakatoa, the Zopkhito foreign resource estimate—classified under the Russian GKZ system—has been mapped to JORC-equivalent confidence categories: B corresponds to Measured, C1 to Inferred, and C2 to Indicated. P-classified resources, viewed as potential, are incorporated at a 30% weighting. This methodology ensures resource equivalence with JORC-compliant peers and provides a conservative basis for valuation.

Figure 22: KTA Valuation

Krakatoa Valuation (A$ m)	Base Case	Bull Case
Adjusted Sb resource (kt)[1]	17.82	17.82
Sector Average (Adjusted EV A$/kt Sb)	2.2	2.2
Zopkhito Sb Resource Value	**39.20**	**39.20**
Implied EV*	**27.44**	**31.36**
Cash[2]	1.29	1.29
Provisions and Liabilities[2]	-	-
Minority Interest[2]	-	-
Total Value	**28.73**	**32.65**
Diluted no. of shares (m)[3]	655.13	655.13
Implied price (A$)	**0.044**	**0.050**
Current price (A$)	0.010	0.010
Upside (%)	*338.6%*	*398.4%*
Mid-point Fair Valuation (A$)	**0.047**	
Price / NAV (X)	**0.21x**	

Source: East Coast Research and Company

[1] Notes: *Total resource includes 100% of Measured and Indicated resources and 50% of Inferred resources and 30% discount for resources being non-JORC 2012 compliant

[2] As at 31 March 2025

[3] Calculation includes performance rights

*45% jurisdictional discount in base case, 35% discount in bull case

The current valuation of Krakatoa reveals a stark disconnect between the company's market price and the intrinsic value of its flagship Zopkhito Project

Applying a sector-average EV/resource multiple of A$2.2 million per kt Sb-equivalent, we conservatively value Krakatoa's Zopkhito Project at A$39.2 million. Adjusting for the early-stage nature of the asset, we derive an implied enterprise value of A$27.4 million in our Base Case and A$31.4 million in the Bull Case, with a mid-point valuation of A$28.7 million. After incorporating Krakatoa's reported cash position of A$1.29 million and assuming no provisions, debt, or minority interests, this translates to a total equity value of A$28.7 million to A$32.7 million. On a fully diluted share count of 655.13 million, the valuation equates to A$0.044 per share under the Base Case and A$0.050 per share under the Bull Case. With the company currently trading at just A$0.010 per share, **the potential re-rating is significant, implying upside of 339% to 398%**. The implied valuation also reflects a deeply conservative 0.21x Price/NAV multiple, highlighting the substantial dislocation between Krakatoa's market capitalisation and the intrinsic value of its flagship asset.

The current valuation of Krakatoa reveals a stark disconnect between the company's market price and the intrinsic value of its flagship Zopkhito Project. Central to this investment thesis is the remarkable nature of the Zopkhito asset. Hosting one of the highest-grade undeveloped antimony resources globally. Yet, **despite the project's scale and grade, the market has yet to attribute its full value, largely due to a limited understanding of the project's jurisdiction and early-stage status.** However, this perception is likely to shift rapidly as Krakatoa advances toward delivering a JORC 2012-compliant Mineral Resource Estimate, which will bring further confidence and transparency to the investment case. Strategically positioned as a gateway between Europe and Asia, Georgia offers a suite of advantages that are particularly attractive for mining development: low labour costs, minimal red tape surrounding tenement approvals, and a government consistently rated as one of the most business-friendly in the region. Krakatoa also stands to benefit from powerful, long-term structural tailwinds underpinning rising global demand for antimony—a theme we have explored in depth. **As this trend accelerates, we**

anticipate a marked uplift in investor awareness of antimony's strategic importance, which should translate into a meaningful re-rating of Krakatoa's valuation.

Catalysts for KTA

Krakatoa Resources is trading at a significant discount as made evident in the previous valuation section. Progress on the following near- to medium-term milestones may act as key catalysts, supporting a potential re-rating and renewed market interest.

JORC Conversion of Zopkhito Resource

- The Zopkhito project in Georgia currently holds a foreign resource estimate of 26,120 tonnes of contained antimony at a high average grade of 11.6% Sb. Progress toward converting this Soviet-era GKZ resource into a JORC 2012-compliant Mineral Resource Estimate would materially de-risk the asset and elevate its appeal to institutional investors.

Drilling & Resource Expansion at Zopkhito

- Krakatoa plans further drilling and sampling across its 38km^2 Zopkhito licence area to test extensions of the known antimony-gold vein system. Positive drill results confirming continuity of high-grade antimony and associated gold mineralisation would strengthen the project's geological model and valuation potential.

Strategic Partnerships or Project-Level Investment

- As Krakatoa advances exploration at both Zopkhito and Mt Clere, the potential for strategic partnerships—particularly with critical minerals processors or off-take partners—remains a key near-term catalyst. Securing non-dilutive project funding, technical partnerships would materially strengthen the company's financial and operational runway.

Government Support & Strategic Mineral Status

- Antimony and REEs are both on critical mineral lists across Australia, the US, and Europe. Further grants or strategic funding that improve access to capital or reduce permitting friction could support KTA's growth path, particularly for its Australian-based REE asset: Mt Clere.

Improving Market Conditions for Critical Minerals

- A strengthening outlook for antimony—driven by rising demand in defence, semiconductors, and energy storage could positively influence sentiment toward Krakatoa's commodity portfolio. Sustained price appreciation in any of its multi-metal portfolio would enhance project economics and attract new investor interest.

Risks

While we see significant upside potential in Krakatoa Resources, we acknowledge several key risks:

Commodity Price Volatility

- Zopkhito Project is sensitive to movements in antimony and gold prices. Sustained weakness in either commodity could adversely impact project economics, investor sentiment, and Krakatoa's ability to attract funding or strategic interest.

Exploration & Resource Risk

- Zopkhito is currently supported by a foreign (GKZ-classified) resource estimate, which is soon to be converted to a JORC-compliant Mineral Resource to underpin future development. Any failure to verify or expand the known mineralisation to JORC standards may materially reduce the perceived value of the project.

Jurisdictional & Geopolitical Risk

- While Georgia offers competitive fiscal terms and an efficient permitting regime, it remains an emerging market jurisdiction. Political instability, regulatory shifts, or local opposition could disrupt timelines or reduce foreign investor confidence, particularly given the limited presence of other ASX-listed companies in the country.

Permitting & Regulatory Approvals

- Although Krakatoa has partnered with local entity JSCCM to streamline operations, the company must still secure the necessary permits for exploration and development. Any delays, unforeseen regulatory changes, or tightening of environmental standards could impact project progression.

Funding & Capital Raising Risk

- The company will require additional capital to advance resource conversion, metallurgical testing, and early-stage development studies at Zopkhito. If market conditions deteriorate, Krakatoa may face difficulty raising funds on favourable terms, potentially resulting in shareholder dilution or restricted operational flexibility.

Appendix I: KTA SWOT Analysis

Figure 26: SWOT analysis

Strengths	Weakness
1. **Dual Commodity Exposure**: Krakatoa offers investors exposure to two globally strategic commodities—antimony and rare earth elements (REEs)—via the Zopkhito Project in Georgia and the Mount Clere Project in Western Australia. 2. **High-Grade Antimony Resource**: Zopkhito hosts a high-grade historical estimate averaging 11.6% Sb, placing it among the highest-grade antimony deposits globally, with significant contained metal (26.1kt Sb). 3. **REE Resource with Growth Potential:** Mount Clere's Tower deposit hosts a 101Mt @ 840ppm TREO JORC-compliant MRE, with only ~20% of the identified target area drilled to date—offering substantial expansion potential. 4. **Strong Metallurgical Recoveries:** The Tower project has demonstrated promising recoveries of up to 64% for Nd and 61% for Pr using simple extraction techniques, improving potential economics of future development.	1. **Foreign Resource Classification:** The Zopkhito resource is currently defined under Soviet-era GKZ classifications and has not yet been converted to JORC 2012 standards, which may reduce investor confidence and comparability. 2. **Jurisdictional Discount:** Operating in Georgia subjects the Zopkhito Project to increased geopolitical and market risk perception, often resulting in discounted valuation multiples relative to peers in Tier-1 jurisdictions. 3. **Capital Constraints:** As an early-stage explorer, Krakatoa is reliant on external funding for project advancement, with limited internal cash flows to self-fund drilling or feasibility studies. 4. **Early Stage of Development**: Neither project is yet in feasibility study stage, and both require significant de-risking through drilling, metallurgical testing, and economic assessment
Opportunities	**Threats**
1. **JORC Conversion at Zopkhito**: Krakatoa is actively progressing work to convert the existing foreign resource estimate at Zopkhito into JORC status, which could unlock value and allow broader institutional investor participation. 2. **Rising Strategic Commodity Demand**: Both antimony and REEs are on the critical minerals lists of the EU, US, and Australia, with demand growth driven by decarbonisation, defence, and electronics sectors. 3. **Resource Expansion Upside**: Both Zopkhito and Mount Clere have considerable scope for resource growth. At Tower, less than a quarter of the target area has been tested, while at Zopkhito, historical drilling has not fully closed off mineralisation. 4. **Strategic Offtake and M&A Potential**: The unique combination of high-grade antimony and REEs positions Krakatoa as an attractive target for downstream processors or strategic investors seeking secure supply of critical minerals.	1. **Regulatory and Sovereign Risk**: While Georgia offers a favourable tax and mining environment, evolving regulations, permitting delays, or geopolitical tensions could pose operational risks. 2. **Commodity Price Volatility**: Krakatoa's valuation and project economics are heavily influenced by antimony and REE prices, which remain volatile and susceptible to global macroeconomic shocks 3. **Peer Competition and Capital Access**: Krakatoa competes with better-capitalised peers for investor attention, government grants, and strategic partnerships, which may limit its visibility or delay funding timelines. 4. **Exploration Risk**: While grades are promising, further drilling is required to validate continuity, define economic tonnage, and assess recoveries at commercial scale—none of which are guaranteed.

Source: East Coast Research

Appendix II: Board of Directors & Management

Krakatoa Resources' Board comprises seasoned professionals with strong credentials in mining exploration, corporate finance, and project development. The team has a proven track record of successfully operating in foreign jurisdictions, having delivered results across Africa, Asia, and South America. Collectively, they bring global experience spanning capital markets, resource geology, and international project execution, providing a robust foundation for the company's strategic growth and operational success.

Figure 27: Krakatoa Board of Directors + Key Management

Name and Designation	Profile
Colin Locke • Executive Chairman	• Mr Locke has over 30 years' experience in business management, mining, and financial services. His early career included commodity and futures trading in the mining sector, followed by founding and leading CK Locke & Partners. • He played a pivotal role in the AUD 50 million acquisition and subsequent AUD 300 million sale of the Mayoko iron ore project in the Republic of Congo. • Locke also founded Western Mining Network/European Cobalt/now Aston Minerals) in 2011. He also Co-founded Albion Resources Ltd and Rubix Resources Ltd.) Locke became the Executive Chairman of Krakatoa Resources in 2015. His broad experience in capital markets and mineral exploration across Africa, Indonesia, and Australia underpins the company's strategic leadership.
Timothy Hogan • Non-Executive Director	• Mr Hogan brings 25 years of experience in Australia's stockbroking and corporate advisory sectors. He was a founding private client advisor at Hogan and Partners and has since built a reputation in capital markets for resource-focused advisory. • As a Director at Barclay Wells, he has supported numerous ASX-listed mining companies through early-stage funding to production. His networks and insights contribute to Krakatoa's capital market capabilities.
David Palumbo • Non-Executive Director	• Mr Palumbo is a Chartered Accountant with over 14 years of experience in corporate advisory, financial reporting, and ASX compliance. He is a graduate of the Australian Institute of Company Directors and serves as Head of Corporate Compliance at Mining Corporate Pty Ltd. • He has led several high-profile transactions and was instrumental in the acquisition of Krakatoa's Mt Clere and Belgravia projects. Mr Palumbo also serves as company secretary for multiple ASX-listed companies.
• **Mark Major, BSc Geo, MBA** • CEO	• Mr Major is a geologist and mining executive with more than 30 years of international experience across project generation, development, and acquisition. He has held senior roles including Managing Director and Country Manager for junior companies and worked for larger companies such as BHP, Rio Tinto, Barrick, and Glencore. • His extensive work across South America, Asia, and Africa, combined with technical expertise in grassroots to advanced-stage projects, enhances Krakatoa's exploration and development strategies. • Mr Major holds a BSc in Geology from Ballarat University and an MBA from La Trobe University. He is a Member of the AUSIMM.

Source: Company Website & ASX Announcements

Appendix III: Peer Comparables

Larvotto Resources Limited (ASX: LRV)

Larvotto is a diversified exploration company with its primary focus on advancing the Hillgrove Gold-Antimony Project in New South Wales — a brownfields asset hosting one of the highest-grade undeveloped antimony deposits in Australia. The project has progressed to a Definitive Feasibility Study, positioning Larvotto as more advanced. Larvotto's inclusion in the peer set reflects its comparative resource exposure, though its more mature project pipeline and development-stage status have been factored into the valuation through a discount to its EV/resource multiple.

Mandalay Resources Corporation (TSX: MND)

Mandalay is a Canadian-headquartered producer operating two underground mines: Costerfield in Victoria, Australia (antimony and gold) and Björkdal in Sweden (gold). The Costerfield mine is particularly relevant, as analogous to Krakatoa, with its particularly high grades of antimony-gold. It has a long operating history and established infrastructure. Similar to Larvotto, due to its size and producer status, an adjustment has been applied for comparability.

Nagambie Resources Limited (ASX: NAG)

Nagambie Resources is focused on high-grade gold and antimony exploration within the Waranga Domain of Victoria's Lachlan Fold Belt. Its flagship project is the Nagambie Mine, where it has defined multiple narrow vein systems (C1, C2, C4) hosting epizonal-style mineralisation. The company announced a maiden JORC-compliant Inferred Resource in 2024 and continues to drill to expand the system. Located within a favourable jurisdiction and supported by historical mining data and granted mining licences, Nagambie offers a relevant point of comparison for earlier-stage Antimony-gold projects.

Octava Minerals Limited (ASX: OCT)

Octava is an early-stage explorer focused on critical minerals, with primary exposure to antimony through its Yallalong and Byro projects in Western Australia. At Yallalong, the company has identified a 10 km corridor of antimony-rich mineralisation, with recent drilling confirming multiple high-grade intercepts. While Octava has not yet declared a JORC-compliant Mineral Resource Estimate, the project remains at a promising conceptual stage. Its inclusion in the peer set reflects both the emerging scale of its antimony system and its comparable micro-cap status, with valuation metrics adjusted given its resource uncertainty.

Trigg Minerals Limited (ASX: TMG)

Trigg Minerals is a junior explorer with exposure to antimony and gold through its Achilles Project in New South Wales. The company announced its maiden JORC-compliant Mineral Resource Estimate in late 2024 for the Wild Cattle Creek deposit, marking a key step in progressing its exploration assets. While the current resource focuses solely on antimony, gold and tungsten are also present within the system and may be incorporated in future assessments. Trigg's portfolio remains comparable in maturity to Krakatoa's Zopkhito project.

Siren Gold Limited (ASX: SNG)

Siren Gold is a New Zealand-focused exploration company. Siren holds the Langdons and Queen Charlotte tenements, where it is targeting orogenic gold and antimony systems. The company's focus on structurally controlled, high-grade mineralisation and ongoing exploration activity positions it as a relevant comparator in the antimony and gold space.

Appendix IV: History of the Zopkhito Project

The Zopkhito Sb-Au project boasts a rich history of exploration and development, dating back to the Soviet era. Exploration of the deposit commenced in 1929 under the management of the Soviet Department of Metallurgy, focusing on the development of on-vein horizontal exploration adits driven by stibnite mineralisation identified on the surface. Between 1929 and 1932, initial underground workings began, guided by the presence of stibnite outcrops.

Subsequently, from 1966 to 1978, extensive underground development was carried out, resulting in over 27 km of exploration adits and tunnels being mapped and sampled. A total of 27,328 meters of exploration drives were developed during this period, with 20,228 samples collected. During these campaigns, significant gold-bearing mineralisation was identified within the broader alteration zone, extending beyond the primary antimony-mineralised quartz vein. This discovery revealed a higher concentration of gold than previous exploration had indicated.

Following the collapse of the Soviet Union in 1989, the project remained dormant until the late 1990s. Exploration resumed between 1998 and 2000, conducted by a small exploration company. After an extensive re-sampling program, the new data confirmed the reliability of the original 1957 Soviet report, maintaining the antimony resource estimate while significantly increasing the gold resource to account for mineralisation within the alteration zone that was previously unrecognised.

In 2012, a 30-year exploration and mining license was granted to JSC Caucasus Minerals (JSCCM), the current project vendor. JSCCM conducted adit face re-sampling programs in 2014 and 2019, focusing on safely accessible adits, including adit 80 (Vein 6), adit 24 (Vein 28), and adit 117 (Vein 6). The 2014 sampling campaign involved collecting 6,296 samples from 11 veins for gold and 13 veins for antimony, including sampling of the immediate foot and hanging walls of the veins.

Today, the Zopkhito project represents a remarkable opportunity, leveraging decades of extensive historical exploration and development that have significantly de-risked the asset. The substantial investment in underground infrastructure provides invaluable geological data and significantly reduces future exploration costs. Furthermore, the previously conducted exploration programs have not only demonstrated high-grade antimony and gold mineralisation but have also established the consistency and scale of the deposit. With much of the groundwork already laid and the project having benefited from substantial sunk costs, Krakatoa is well-positioned to capitalise on this foundation.

Appendix V: Analyst's Qualifications

Will Cairns is an experienced finance professional with over six years' experience in equity research, portfolio management, and investment analysis. Previously working as a portfolio manager at RBC, will applies a disciplined, research-driven approach to uncover investment opportunities and deliver actionable insights that support long-term portfolio growth.

Will holds a Master of Science in Economics from the University of St Andrews and a Master of Arts in Economics from the University of Aberdeen. He is a qualified Financial Adviser (DipPFS) and has completed CFA Levels I and II, as well as the CFA ESG Investing Certificate. He is passionate about maximising investment potential through comprehensive market research, effective portfolio reporting, and clear communication of complex financial strategies to senior executives and investors

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