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2 December 2020

Multiple Mag Anomalies match Historic High Grade Gold Mines at the Rand Project.

- ***High-Resolution Aeromagnetic survey completed over the entire 580km² area encompassing Krakatoa's Rand Project located in the Central Lachlan Fold Belt, NSW***
- ***The survey data outlines a strong structural corridor featuring known gold mineralisation at Bulgandry and has generated several high priority target zones in the immediate prospect area and in the surrounding region, including:***
    - ***an 8km length of previously unrecognised NE-trending magnetic lineaments, associated with the prospective gold locations at Bulgandry;***
    - ***a cluster of magnetic anomalies northwest of the Bulgundry historical workings (which includes several mines that produced gold at very high grades, up to 265g/t gold);***
    - ***the possible alignment of palaeochannels ("deep leads") with mineralisation controlling basement structures; and***
    - ***a 40km structural corridor that transects mineralised Silurian and Devonian granite and Ordovician sediments, mostly obscured by colluvium and underexplored.***
- ***All the identified anomalies have not been drilled or had limited inadequate drilling.***

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to announce the completion of the high-resolution aeromagnetic survey over the Rand Project ("Project"). The Rand Project covers a combined area of 580km^2 and is located approximately 60km NNW of Albury in southern NSW.

The Company announced in early October its intention to collect high-resolution aeromagnetic data to promote the greenfields exploration effort at Rand, particularly in the areas of alluvial cover. Thomson Aviation flew almost 13,000 line-km at a line spacing of 50m and a sensor height averaging 40m. A full analysis and interpretation of the data is now underway.

Krakatoa's Chief Executive Officer, Mark Major commented;

"We are very encouraged by the preliminary results of the aeromagnetic survey. Thomson provided exceptionally high quality and detailed data that exceeded the Company's expectation.

We know the area is prospective for orogenic and intrusion-related gold systems, among other deposit styles; and now this survey has identified quality targets not previously recognised as well as reinforced the prospectivity behind the known historical working. These initial priority targets directly provide a pathway forward that could create significant value for Krakatoa shareholders.

We now need to continue with systematic exploration of these targets and are confident that the survey will be effective in revealing gold positions concealed beneath barren cover in the region."

Survey Parameters and Results.

Krakatoa contracted Thomson Airborne to fly a detailed aeromagnetic survey over the Rand Project (Figure 1). The survey ran for 12 days, concluding on 6 November 2020. The final data was processed and provided by Thomson Airborne Pty Ltd as a located database, TMI grid and processed derivatives around two weeks later. Survey details are presented in Table 1.

Table 1 – Rand Aeromagnetic Survey Parameters

Rand Survey Specifications	
Traverse line direction	90°
Traverse line spacing	50 m
Tie line direction	180°
Tie line spacing	500 m
Block Traverse Kilometers	11,687
Block Tie Kilometers	1,206
Block Total Kilometers	12,893
Mean terrain clearance (m)	40

Krakatoa committed early to the capture of high quality, detailed aeromagnetic data to promote interpretation below the extensive alluvial cover and expedite area selection and exploration of the hidden prospective geology within the large holding.

Some preliminary observations:

The SW-trending shear zone transecting the tenement from the northeast corner is observable (Figure 1). The shear zone bifurcates into several subordinate splays forming a distinct structural corridor some 40 km in length. The Bulgandry Goldfield is associated with the northern splay, while mineralisation at Goombargana is associated with the southern splay. The Goombargana granite failed brittlely promoting a north-block westerly shear sense.

The cursory review of the processed data has also identified numerous high priority targets, including two significant "eye" features northwest of Bulgandry, thought to represent intrusive bodies (Figure 2). The NSW Department of Mines targeted each body with one drill hole. Krakatoa has reviewed and noted both drill holes were developed off-target.

Other significant targets include the 8km length of the previously unrecognised NE-trending magnetic lineaments (plausibly representing geological bedding or differing rock units) associated with the physical locations of the historical mine workings at Bulgandry. Limited historical drilling was developed obliquely or subparallel, and thus unfavourably, to this orientation. The impact of these lineaments on the mineralisation at Bulgandry requires consideration.

Perhaps the most noticeable magnetic feature displayed in the data is the extensive palaeodrainage network preserved beneath recent alluvial covers associated with the Billabong Creek floodplain. The meandering Billabong Creek cuts northwest through the Project, and at odds with the dominantly north-south orientations observed in the palaeodrainage. Interestingly, several palaeochannels are observed to interact with physical locations of the historical mine workings at Bulgandry, supporting the possibility of "deep lead" gold mineralisation. It may also indicate the palaeochannels align with deeper basement structures that influence the location of mineralisation.

A full analysis and interpretation of the data is now underway. Results will be reported as soon as they are available.

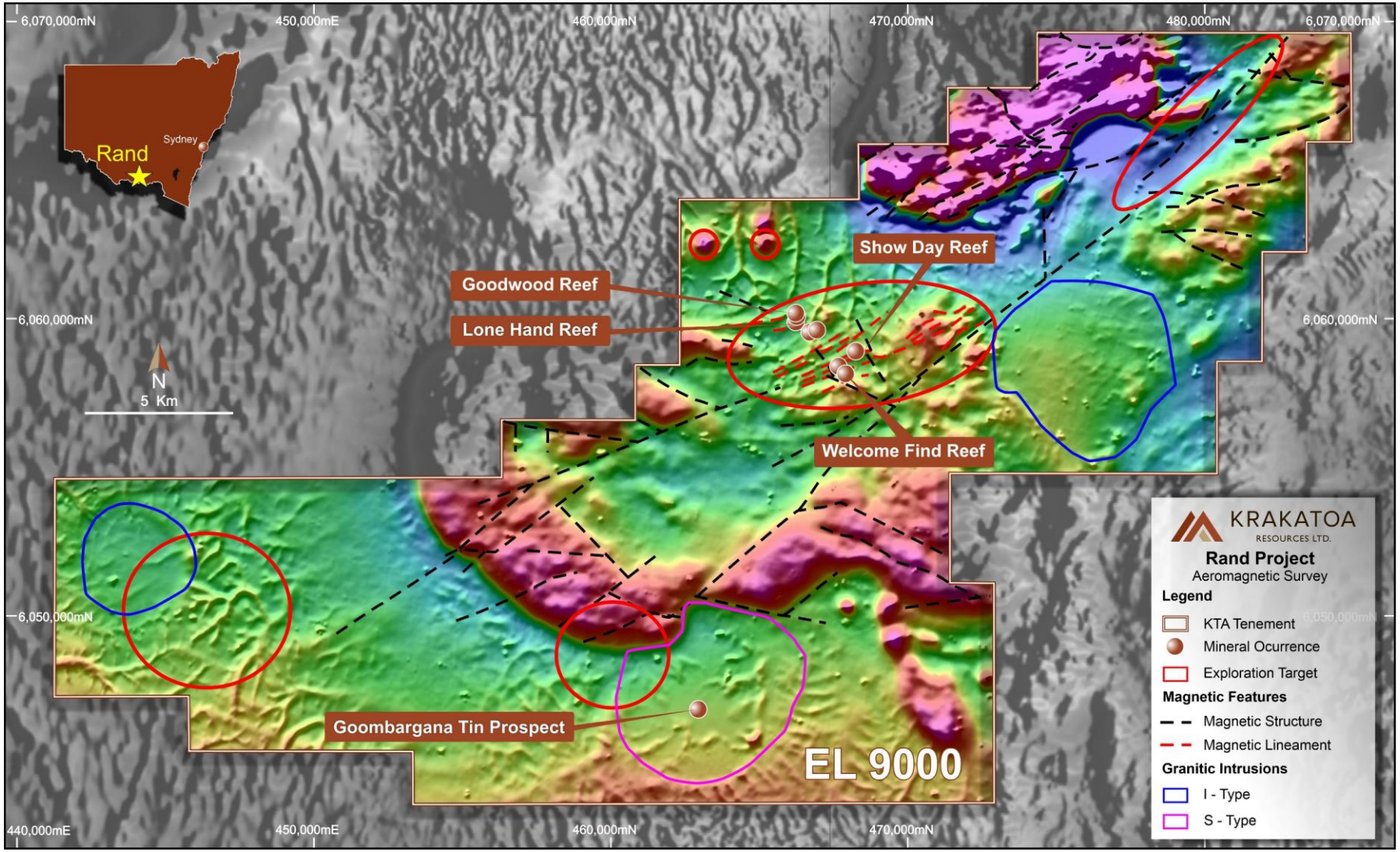

Figure 1 – Aeromagnetic image (TMI-RTP) of the survey area with simple interpretation identifying key geological and geophysical features, including preliminary targets.

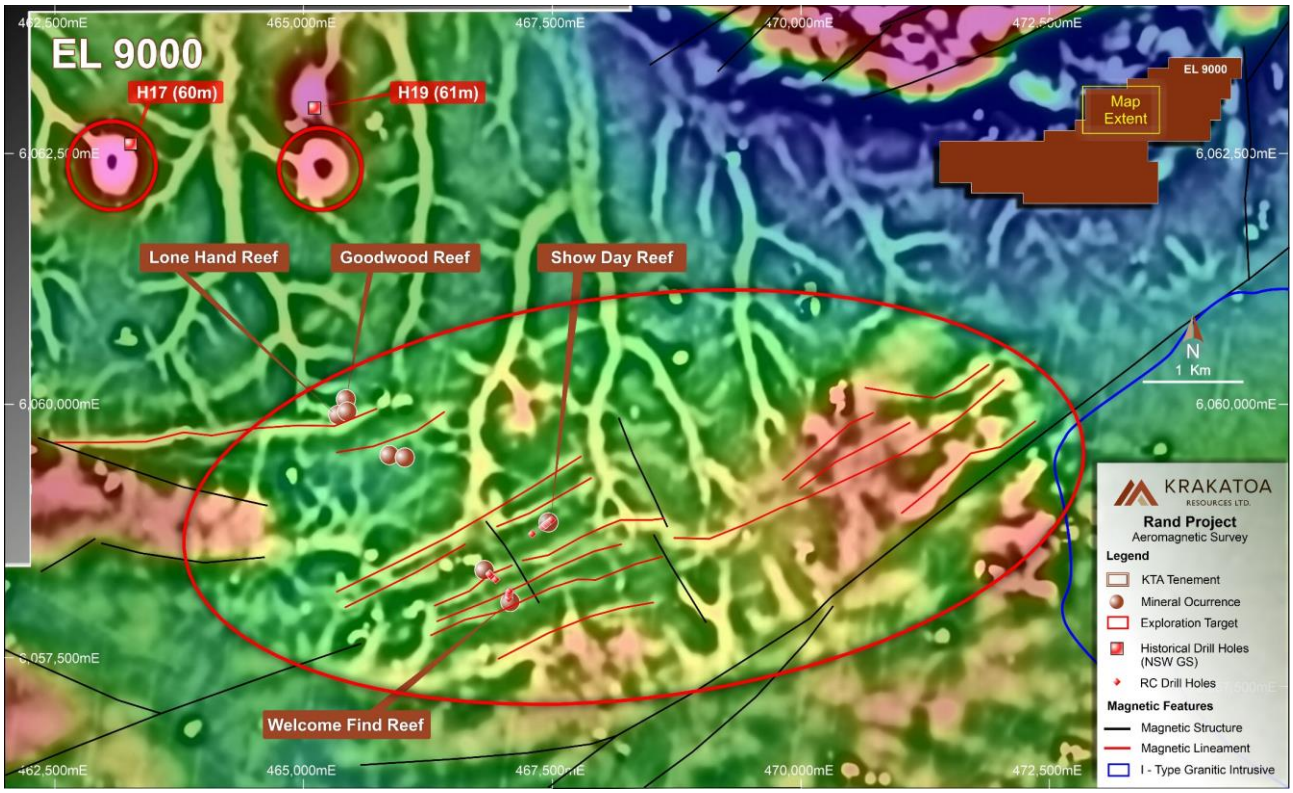

Figure 2 – Detailed section around the Bulgandry Goldfield. Note the NE-trending magnetic lineaments, not seen before, associated with the prospecting gold locations; the well-preserved palaeochannels; and, the recognition of different intrusive bodies based on the geophysical response.

Background Geology and Mineralisation

The Project lies in the Wagga-Omeo Metamorphic Zone of the Central Lachlan Fold Belt between two regional shear systems, the bounding NW-trending Kancoona fault zone (located near Coreen) in the west and the north-trending Kiewa shear zone to the east. The other bounding structure, the Gilmore Suture, lies further east. The area is prospective for a range of deposit styles, including intrusion-related gold (IRG), shear-hosted (orogenic) gold, magmatic tin–tungsten deposits, rare earth elements, and copper-gold porphyries with associated epithermal systems. IRG deposits are located either within or near granitic intrusions, often associated with tin-tungsten belts, such as the Central Lachlan's Wagga Tin-Tungsten Belt where Rand is located. IRG deposits exhibit a broad range of mineralisation styles and are often enriched in bismuth, tellurium and arsenic.

Within Rand, a SW-trending shear zone transects the tenement linking the Kiewa and Kancoona fault zones (Figure 3). The shear zone bifurcates into several subordinate splays forming a distinct structural corridor some 40 km in length. Several granitic plugs intrude Ordovician sediments near the structure. Known gold mineralisation exists within these plugs and sediments adjacent the structure (cf. Bulgandry Goldfield). The geological environment is thought to reflect De Grey Mining's Mallina Gold Project, though distinctly younger.

Historical production records for Bulgandry show substantial gold grades, including 512oz from 60 tons and 70oz from 74 tons, was respectively won from the exposed quartz veins in the Show Day

and Welcome Find reefs. The host rocks at Bulgandry are profoundly weathered and extensively leached. Table 2 summarises the reported production from the main historical workings present in the Bulgandry camp.

Table 2 - Bulgandra Goldfield, recorded production *(NSW Department of Mines Annual Reports)*

Working	Tonnes mined (t)	Recovered gold (oz)	Average grade (g/t)
Show Day Reef	60	512	265.38
Welcome Find Reef	74	70	29.4
Lone Hand Reef	38	103	84.3
Goodwood Reef	110	62	17.5

Narrow sulphidic, gold-bearing quartz veins hosted by the Goombargana granite returned assays up to 20 g/t Au, were noted during tin exploration in the early 1980s, and later confirmed by Cullen Resources in 2003 (ASX 6 July Historic High-Grade Gold Mines & Substantial Acreage Acquired).

The known workings at Bulgandry and chip anomalies hosted by the Goombargana granite exist in generally small windows of weathered bedrock that pierce the variably thick blanket of recent sediments that mantles the Project and obscures much of the prospective geology. These workings and anomalies have not been systematically explored.

Krakatoa conjectures that the mineralisation at Bulgandry and within the Goombargana granite demonstrate the project area is prospective for both intrusion-related and shear-hosted gold.

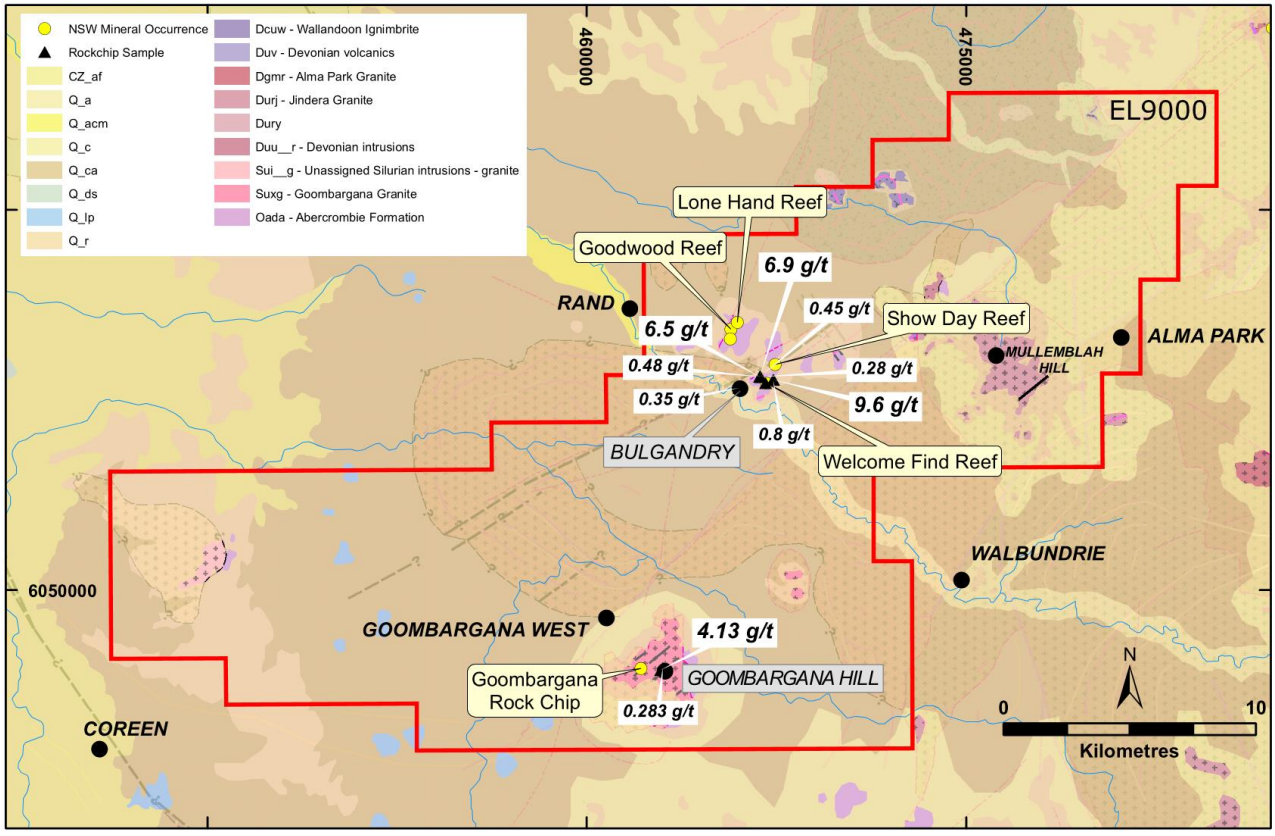

Figure 3 – Project geology, historical workings and chip sampling, Rand Project.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Disclaimer

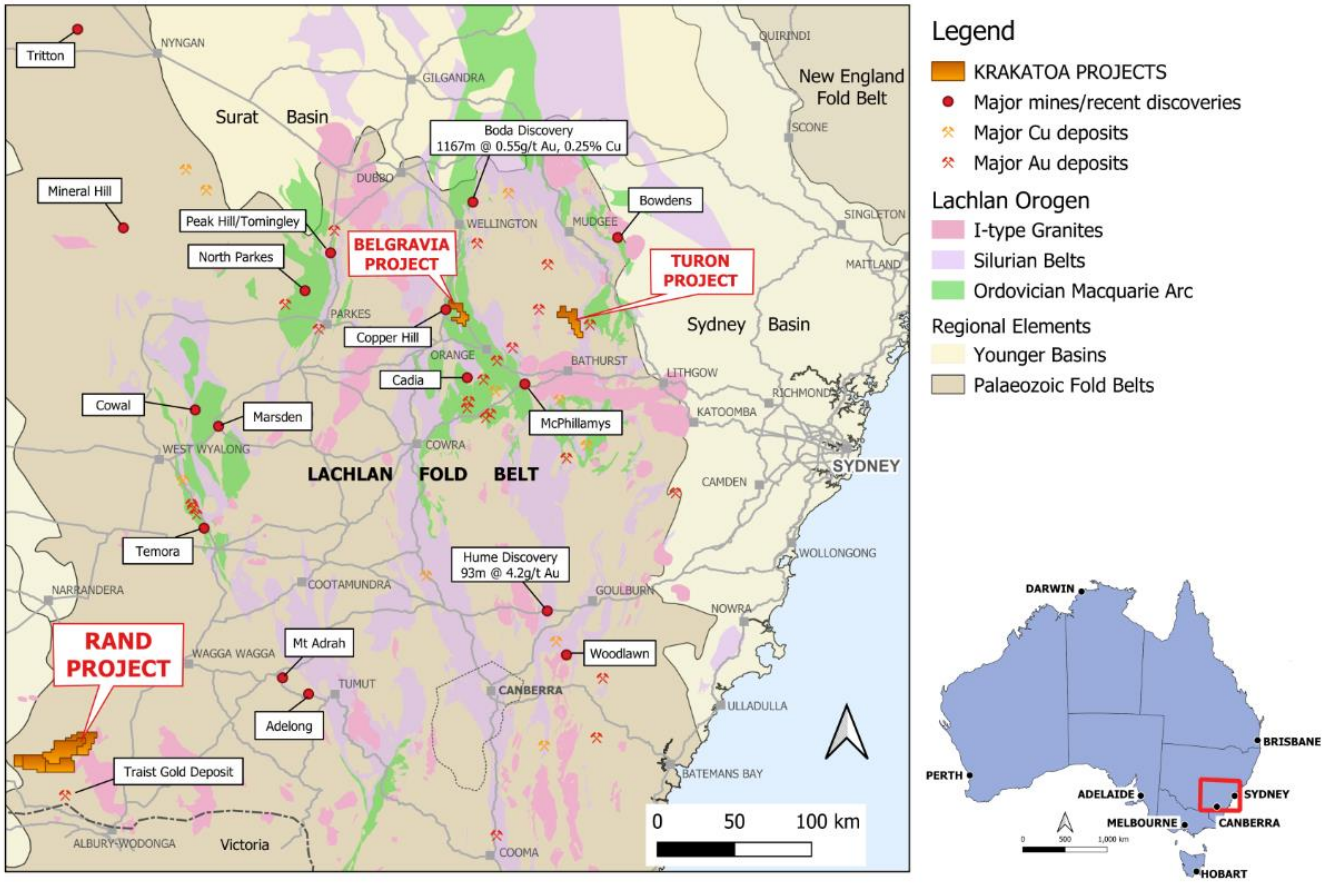
Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Competent Persons Statement

The information in this announcement is based on and fairly represents information compiled by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Collective Prosperity Pty Ltd, and is an accurate representation of the available data and studies for the Project. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

ABOUT KRAKATOA:

Krakatoa is an ASX listed public Company predominately focused on gold exploration in the world class Lachlan Fold Belt, NSW across three projects: Belgravia, Turon and Rand.



Belgravia Project (Krakatoa 100%):

The Belgravia Project covers an area of 80km^2 and is located in the central part of the Molong Volcanic Belt (MVB), East Lachlan province, between Newcrest Mining's Cadia Operations and Alkane Resources Boda Discovery. The Project has six initial target areas considered highly prospective for porphyry Cu-Au and associated skarn Cu-Au, with Bell Valley and Sugarloaf representing the two most advanced target areas. Bell Valley contains a considerable portion of the Copper Hill Intrusive Complex, the interpreted porphyry complex which hosts the Copper Hill deposit (890koz Au & 310kt Cu) and has highly prospective magnetic low features spanning 6km. Sugarloaf contains a 900m Deep Ground Penetrating Radar anomaly located within a distinctive magnetic low feature considered characteristic of a porphyry-style deposit and co-incident with anomalous rock chips including 5.19g/t Au and 1.73% Cu.

Turon Project (Krakatoa 100%):

The Turon Project covers 120km^2 and is located within the Lachlan Fold Belt's Hill End Trough, a north-trending elongated pull-apart basin containing sedimentary and volcanic rocks of Silurian and Devonian age. The Project contains two separate north-trending reef systems, the Quartz Ridge and Box Ridge, comprising shafts, adits and drifts that strike over 1.6km and 2.4km respectively. Both reef systems have demonstrated high grade gold anomalism (up to 1,535g/t Au in rock chips) and shallow gold targets (up to 10m @ 1.64g/t Au from surface to end of hole) that warrant detailed investigation.

Rand Project (Krakatoa 100%):

The Rand Project covers an area of 580km^2, located approximately 60km NNW of Albury in southern NSW. The Project has a SW-trending shear zone that transects the entire tenement package forming a distinct structural corridor some 40 km in length. The historical Bulgandra Goldfield, which is captured by the Project, demonstrates the project area is prospective for shear-hosted and intrusion-hosted gold. Historical production records show substantial gold grades, including up to 265g/t Au from the exposed quartz veins in the Show Day Reef.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg' reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The aeromagnetic survey was flown by Thomson Airborne Surveys Pty Ltd. • East-West traverse lines at 50m spacing. • North-South tie-lines at 500m spacing. • Along line sampling at 20Hz (approx. 3.5m). • 40m survey sensor height. • 12,893 line kilometres acquired. • Acquired with a Cessna 210 aircraft. • Geometrics G822A Magnetometer • 0.001 nT Magnetic Resolution • 0.01 nT Sensitivity • 2m GPS accuracy. • Diurnal variations corrected with two local base stations. • Final data processed and provided by Thomson Airborne Pty Ltd as a located database, TMI grid and processed derivatives.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• N/A
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• N/A

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• N/A
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• N/A
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether*	• N/A

Criteria	JORC Code explanation	Commentary
	acceptable levels of accuracy (ie lack of bias) and precision have been established.	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Located and gridded data stored in digital format by the Company.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The survey was acquired in MGA94Z55 with an accuracy of 2m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing is suitable for the exploration stage • The work completed was appropriate for the exploration stage
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	N/A
Sample security	• *The measures taken to ensure sample security.*	• N/A
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• N/A

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Rand Project (EL9000) is wholly-owned by Krakatoa Australia Pty Ltd, a wholly owned subsidiary of Krakatoa Resources Ltd • The Company holds 100% interest and all rights in the Rand Project
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The only previous aeromagnetic survey acquired in the area are by the NSW government at 250m line spacing.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Project lies in the Wagga-Omeo Metamorphic Zone of the Central Lachlan Fold Belt, which includes the Wagga Tin-Tungsten Belt. • Major rock units through the project area are: ○ Ordovician metasedimentary rocks of the Abercrombie group ○ Silurian S-type granites of the Alma Park and Goombargana suites ○ Early Devonian volcanic rocks (e.g. Wallandoon Ignimbrite) ○ Devonian I-type granites (e.g. Jinderra) • The area is prospective for a range of deposit styles, including intrusion-related gold (IRG), shear-hosted (orogenic) gold, magmatic tin–tungsten deposits, rare earth elements, and copper–gold porphyries with associated epithermal systems. • IRG deposits are located either within or near granitic intrusions, often associated with tin-tungsten belts.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following*	• N/A.

Criteria	JORC Code explanation	Commentary
	information for all Material drill holes: ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• N/A
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional*	• The pertinent maps for this stage of Project are included in the release. • Co-ordinates in MGA94Z55

Criteria	JORC Code explanation	Commentary
	views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	N/A
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other geophysical data sets for the project area are available in the public domain. These have been recovered and reprocessed and integrated into the GIS environment to support future exploration
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Regolith and geological mapping with surface geochemistry appropriate • Reconnaissance Auger/RAB geochemistry where suitable • Aircore and RC Drilling