

19 January 2021

KTA commences IP surveys over Extraordinary Bullseye Targets

- *Krakatoa's 100% owned Rand project in NSW has two distinct 600 meter (diameter) magnetic bullseye features NNW of Bulgandry gold field; and a third adjacent similarly sized feature.*
- *A series of high resolution IP surveys have commenced accross the bullseye priority targets, which were highlighted by the recent detailed aeromagnetic survey.*
- *The IP surveys will assist with the design of a drill program proposed for this quarter.*

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to advise that it has commenced high resolution induced polarisation (IP) surveys at the Company's bullseye priority targets, following the completion of a highly successful detailed aeromagnetic survey on the 100% owned Rand project ("Project"). The Rand Project covers a combined area of 580km² and is located approximately 60km NNW of Albury in southern NSW.

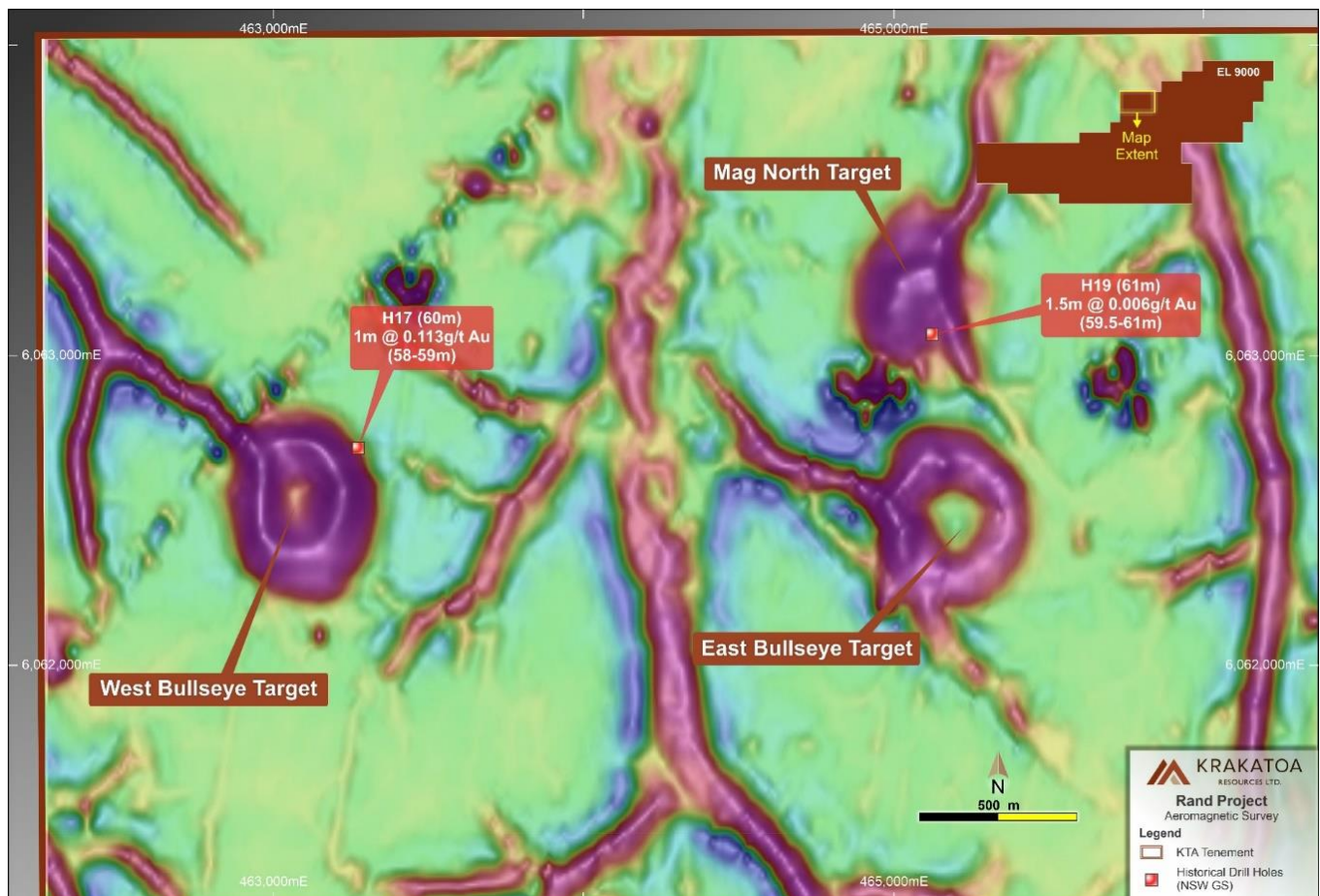


Figure 1 Location of Magnetic Bullseye Targets with GSNSW drill holes, on TMI RTP 1VD aeromagnetic image with vertical sun angle.



ASX Code
KTA, KTAOC

Capital Structure

278,950,000 Fully Paid Shares
82,800,000 Options @ 5c exp 31/07/21
5,000,000 Options @ 7.5c exp 31/07/21
15,000,000 Options @ 7.5c exp 29/11/23
15,000,000 Share Appreciation Rights

Directors

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Krakatoa's Chief Executive Officer, Mark Major commented.

"The bullseye targets are a priority target for the Company. We have now secured land access, and the cropping window is currently open to commence the IP survey work. The IP survey will test the targets using Gradient Array Induced Polarisation (GAIP) geophysics. Should the GAIP survey return broad zones of resistivity highs and chargeability highs that coincide with magnetic features, the Company will move to immediately acquire Dipole-Dipole IP (DDIP) lines."

"The IP survey is anticipated to take approximately 2 weeks, with an estimated 21 days for processing and interpretation. Therefore, results are expected by late February with the aim to proceed straight to drilling."

Background on the Bullseye targets

Promising gold assays were identified from two historical (early 1980's) vertical shallow drill holes (refer to ASX announcement 16 December 2020) located within the general bullseye target area. These historical holes were designed to test specific magnetic features, sited off lower resolution magnetic data used by the then explorer. The recent, higher resolution aeromagnetic survey flown by the company has shown that the hole collars are inadvertently off-target.

Details of the holes are shown in ASX announcement dated 16 December 2020.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Disclaimer

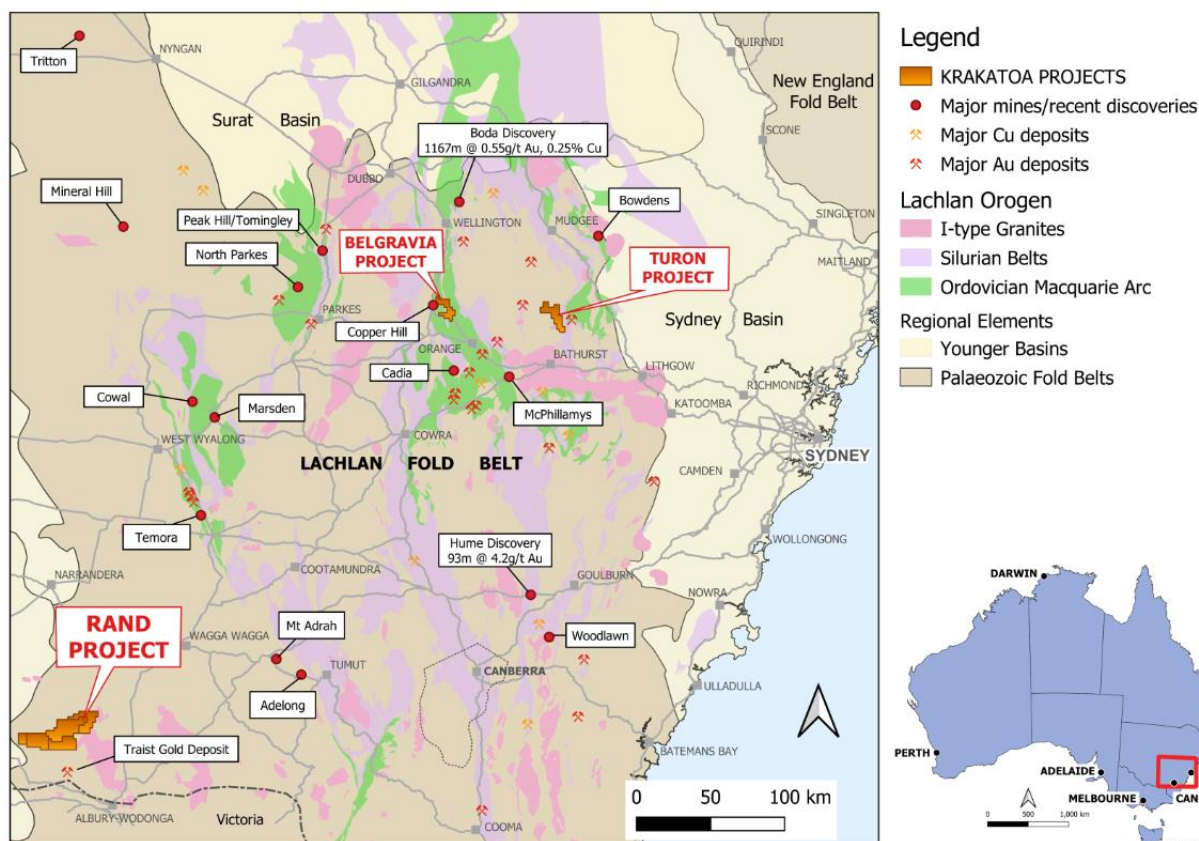
Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding 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 80km² 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 120km² 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 580km², 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.