

17 February 2021

Comprehensive Exploration Programs Commenced to Test Rand Gold Project.

- ***Systematic exploration is continuing at KTA's 100% owned Rand Gold project since being granted in October 2020.***
- ***Exploration programs fast-tracked following ground-breaking land access agreements and hiatus in seasonal cropping activities.***
- ***A 5,000m+ multi-pronged drilling program has commenced (RC & AC subject to government approvals):***
 - ***~1,500m of Reverse Circulation (RC) drilling is scheduled for Goodwood and Lone Hand Reef mines; some of the most significant historical workings at Bulgandry, where no drilling has ever been undertaken.***
 - ***~2,500m of Air-Core (AC) drilling over the twin magnetic "bullseye" targets recently discovered by the successful aeromagnetic and supplementary induced polarization surveys.***
 - ***~1,400m of shallow Auger drilling over the extensive Bulgandry magnetic lineaments.***
- ***The major Auger drilling program is underway to achieve high quality soil geochemical data over the Bulgandry Goldfields which marks the first exploration program covering the entire 8km length of ENE-trending magnetic lineaments correlated with the prospective gold zones.***
- ***Fresh prospecting will be undertaken at the Goombargana Hill area, where historical rock chips reported anomalous tin and gold (to 4.13g/t gold).***
- ***Review of other areas of interests along the two distinct splayed shear systems with a 70km combined strike length.***

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to update investors on a comprehensive exploration program (Figure 1) over its 100% owned Rand Gold Project ("Project"). The Project covers a combined area of 580km² and is located approximately 60km NNW of Albury in southern NSW within an under-explored part of the mineral enriched Lachlan Fold Belt.

An extensive soil program has commenced over the Bulgandry prospect; representing one of many priority targets identified from the recent tenement wide aeromagnetic survey. The Bulgandry goldfields are characterised by historical workings where high grade gold was mined from shallow outcrops that produced gold at very high grades, up to 265g/t gold. These mines are principally located on topographical highs, situated along a series of ENE-trending magnetic lineaments collectively around 8 kilometres in strike length (Figure 3).

AC and RC drilling programs are scheduled to commence in March, subject to regulatory approvals and drill rig availability.



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
16,200,000 Options @ 7.5c exp 29/11/23
15,000,000 Share Appreciation Rights

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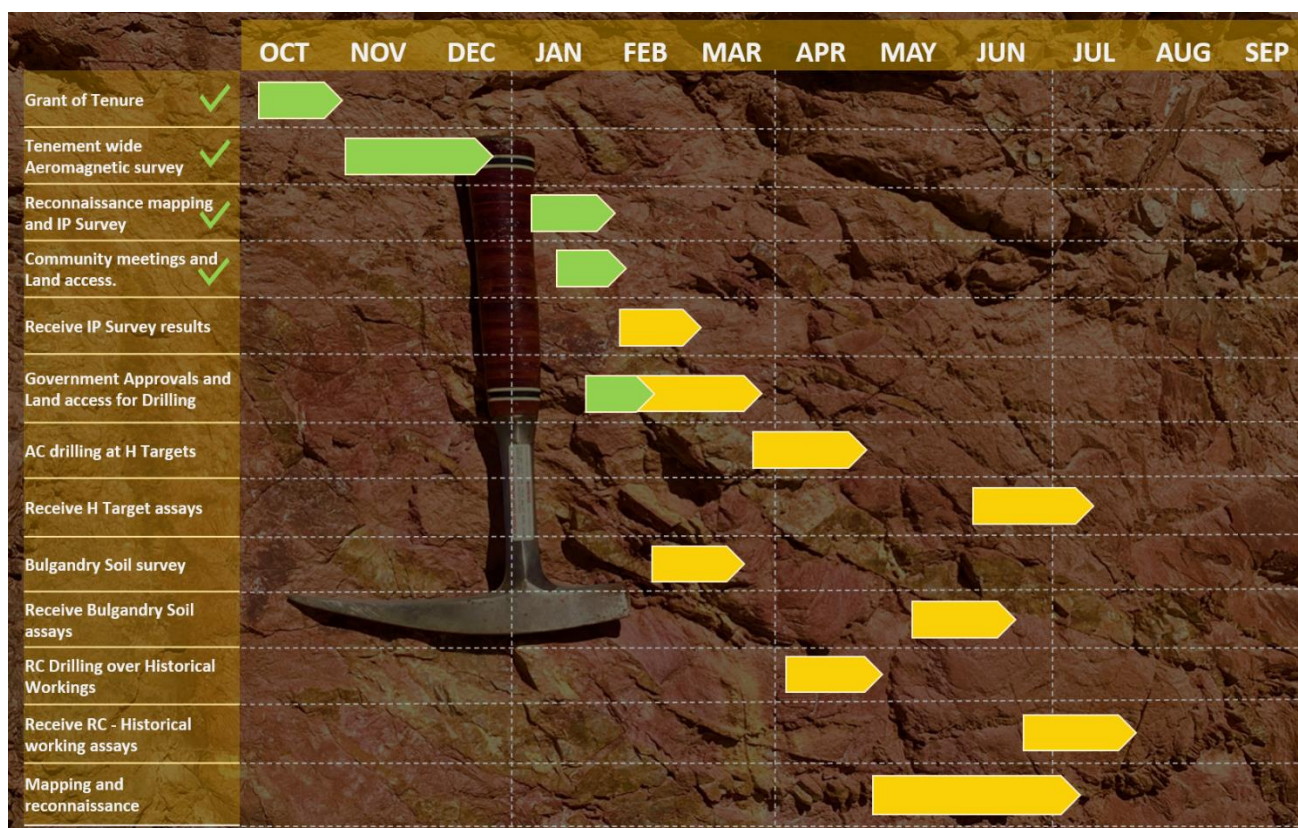


Figure 1 – Rand Project: Exploration objectives and priority program of works.

Krakatoa's Chief Executive Officer, Mark Major commented;

"The Company is pleased to be undertaking the first extensive soil geochemistry program over the historical Bulgandry Goldfields. The survey will cover the entire known historical goldfield and cover-off the associated magnetic lineaments highlighted by the aeromagnetic survey late last year. It is exciting to have negotiated access to areas that are virgin ground to modern exploration; areas where prior explorers could not work due to land access restrictions. The current geochemical survey and drilling programs will adhere to the systematic exploration approach we have adopted. Most of these areas have had extremely limited modern or effective exploration. Herein is the opportunity of discovering a large mineralised system."

Bulgandry Goldfields exploration

The greater Bulgandry Goldfields area includes numerous high-grade, historical producing gold mines including (from north to south) Goodwood Reef, Lone Hand Reef, Welcome Find Reef, Coonerty & Murphys Reef, Show Day Mine and Welcome Find Mine (Figure 2). The mines were worked sporadically from 1894 to 1935, with reported mined grades ranging from 18 to 265g/t gold. Reported production from the main historical workings are documented in open file NSW GS reports and referenced in October 7, 2020 ASX announcement as shown below in Table 1.

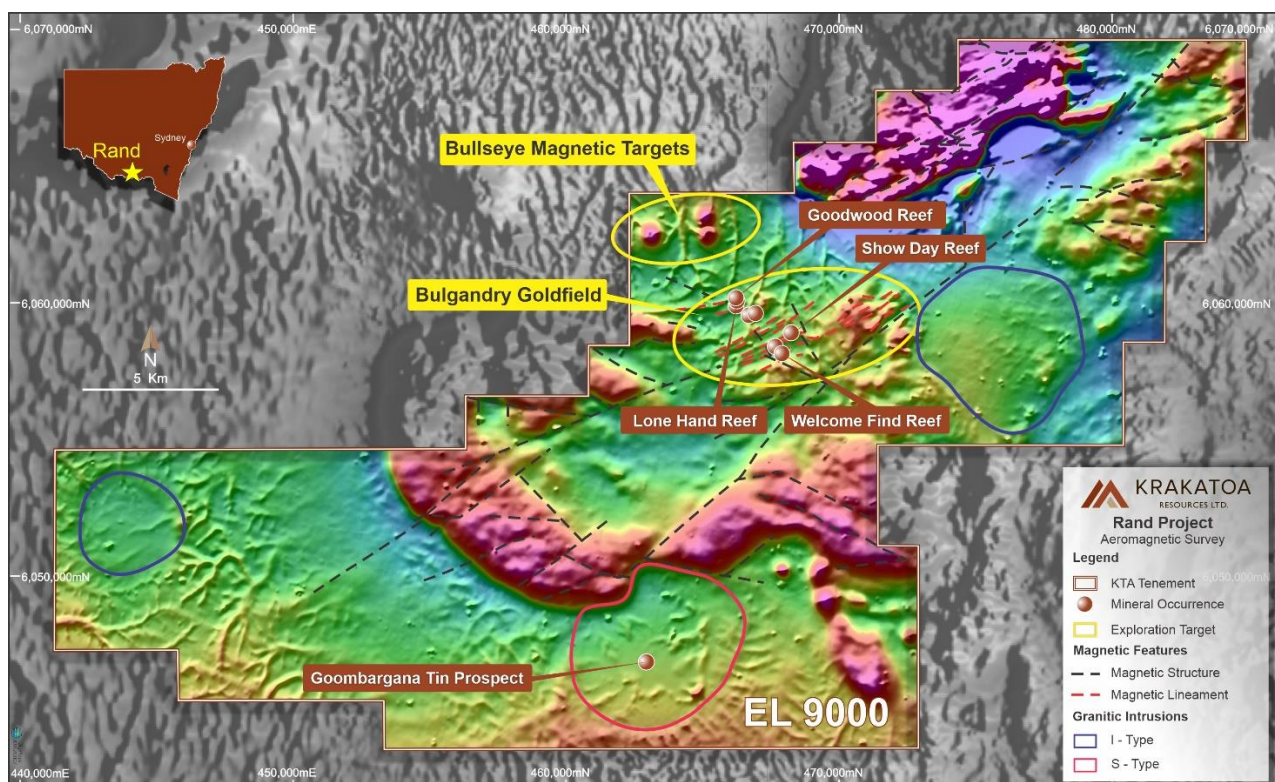


Figure 2 – Priority exploration targets with historical gold workings, on Aeromagnetic TMI-RTP image.

Table 1 - Bulgandry 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

The Bulgandry goldfield area can be divided into 2 main areas of historical workings, northern and southern. Prior to Krakatoa, the most recent work consisted of a few small soil grids and minor shallow RC and ineffective drilling on 3 prospects restricted to the southern area. This work was completed during the mid-1980's.

No regional or detailed exploration work has ever been conducted. Land access for exploration on the northern area was historically denied by the landholder and consequently this area has never been explored by modern day techniques and more significantly Goodwood Reef, Lone Hand Reef, Welcome Find Reef, Coonerty & Murphys Reef have never been drilled. The Company has recently finalised land access agreements over the entirety of this area to undertake exploration.

The current soil geochemical sampling program will be completed by auger and comprises approximately 750 sample sites (Figure 3). The auger will enable samples to be taken to a depth of 2 metres, producing meaningful samples from areas beneath shallow transported cover and potential cultural contamination (eg. farming and historical mining activities). The program is designed to comprehensively cover the two zones of known historical gold workings extending eastward from the historical mines for over 5 kilometres. These ENE striking magnetic lineaments are considered to be associated with genesis of the gold mineralisation at Bulgandry.

No known comprehensive exploration has been completed over this area before.

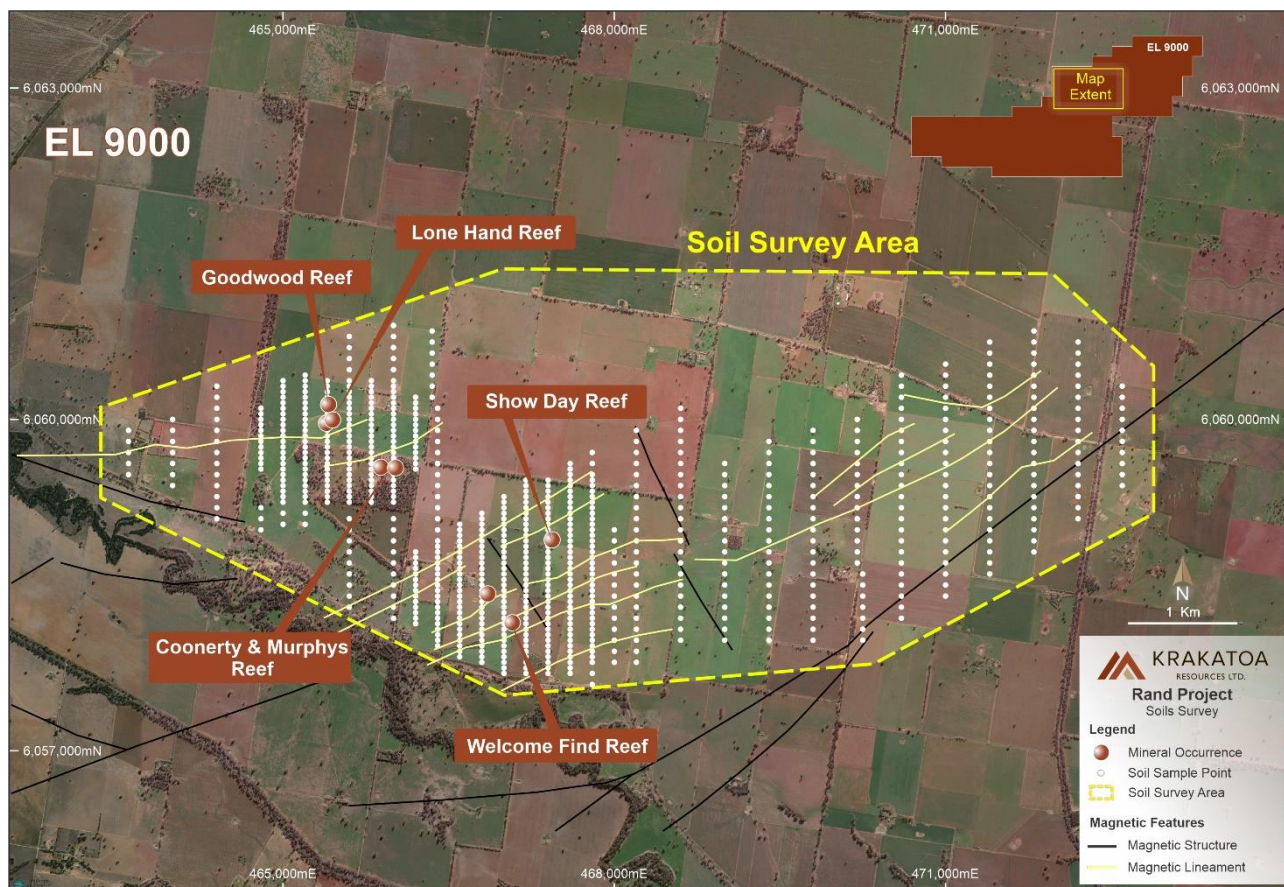


Figure 3 – Location of Bulgandry soil survey, magnetic features, and areas of known historical workings, on satellite image.

Combined with prospect-scale mapping and rock-chip sampling, the soil survey results will be used to guide future drilling programs.

A ~1,500 metre RC drilling program is planned to commence over key priority areas in late March or April, contingent on drill rig availability and regulatory approvals. This programme will target areas in and around the main historical gold mines and mineralised reefs.

This will be the first drilling to be ever undertaken at the northern mines and the deepest over the Bulgandry Goldfield.

Bullseye magnetic targets exploration

The Company will continue to undertake further systematic exploration over the bullseye magnetic targets in the northern part of the tenement (Figure 2). The data interpretation from the recently completed gradient array and dipole-dipole Induced Polarization surveys (ASX announcement 19 January 2021) is currently being assessed. The Company is planning a 2,500 metre AC drilling program over these magnetic highs.

The program will test the three discrete bullseye magnetic features in conjunction with areas showing anomalous resistivity highs and, in part, chargeability highs that coincide with these magnetic features.

Historical drilling in the area confirmed the prospectivity of the bullseye magnetic targets (ASX Announcement 16 December 2020). Two shallow historical drill holes drilled in 1983 returned promising assays despite being drilled off-target, outside the dominant magnetic features. Minor quartz veinlets and disseminated pyrite occur throughout the sampled intervals. These holes intersected rocks that appear to be hornblende-bearing diorite and granodiorite, I-type intrusions, which are favourable for intrusive-related-gold (IRG) systems.

Other work programs

The Company is also planning to undertake initial prospecting work for the Goombargana Hill target in the southern portion of the tenement (Figure 2). Fieldwork will evaluate pegmatite-hosted cassiterite (tin-oxide) and gold (to 4.13g/t) in reported historical rock-chip samples (ASX Announcement 6 July 2020).

A further major drilling program will be considered as part of a more extensive campaign across Rand once the initial work is complete and the results assessed. This program is envisaged to involve testing of the secondary mineralisation within the “deep leads” and along future geochemical anomalies over magnetic signatures.

The Company will continue to review the airborne magnetics to identify further opportunities, culminating in a pipeline of exploration targets. Areas of considerable interest include Goombargana Hill and several intrusive’s located near Coreen in the projects west. Krakatoa will methodically and efficiently explore the two distinct splayed shear system under Rand with a 70km combined strike length.

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 Erik Conaghan, exploration manager, who is a Member of the Australian Institute of Geoscientists and a full-time employee of Krakatoa Resources. Mr Conaghan 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 Conaghan 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 focused on gold exploration in the world class Lachlan Fold Belt, NSW and multielement metals including the increasingly valued rare earths in the highly prospective Narryer Terrane, Yilgarn Craton, WA.



Belgravia Cu-Au Porphyry Project (Krakatoa 100%); Lachlan Fold NSW

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 target areas are 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 Gold Project (Krakatoa 100%); Lachlan Fold NSW

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).

Rand Gold Project (100%); Lachlan Fold NSW

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 Bulgandry 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.

Mt Clere REEs, HMS & Ni-Cu-Co, PGEs Project (100%); Gascoyne WA

The Mt Clere REE Project located at the north western margins of the Yilgarn Craton. The Company holds 1,780km² of highly prospective exploration licences prospective for Rare Earth Elements, Heavy Mineral Sands hosted Zircon-Ilmenite-Rutile-Leucoxene; and Gold and Intrusion hosted Ni-Cu-Co-PGEs. Historical exploration has identified the potential presence of three REE deposits types, namely, Ion adsorption clays in extensive laterite areas; Monazite sands in vast alluvial terraces; and Carbonatite dyke swarms.

The information in this section that relates to exploration results was first released by the Company on 19 June 2019, 25 November 2019, 3 December 2019, 14 April 2020, 20 May 2020, 26 June 2020 and 6 July 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.