

16 March 2021

Commencement of Drilling at Rand Gold Project

- *~2,500m of Air-Core (AC) drilling has commenced over the magnetic “bullseye” targets defined by the recent aeromagnetic and supplementary induced polarization surveys;*
- *~1,500m of Reverse Circulation (RC) drilling to follow the AC drilling program;*
- *The RC program will target the historical workings at Bulgandry including the Goodwood and Lone Hand Reef mines areas where no drilling has ever been done despite historical production gold grades of up to 265g/t;*
- *Auger soil sampling drilling over the extensive Bulgandry magnetic lineaments completed with over 800 sites sampled;*



Figure 1 – Air-core drilling over Bullseye targets at Rand Gold Project

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 Performance Rights at 20c, 30c and 40c.

Directors

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announcement can be directed to

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Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to provide an update on the current exploration program 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 well-endowed Lachlan Fold Belt.

Krakatoa's Chief Executive Officer, Mark Major commented:

"The auger drilling has been completed over the historical Bulgandry Goldfields and a proportion of the geochemical samples are now at selected laboratories undergoing initial orientation test work. We look forward to reporting the full results of this survey."

The KTA NSW field team are now focussed on the AC and RC drilling which has commenced and is expected to be complete by mid-April.

The AC survey will cover the recently discovered geophysical bullseye targets where historical drilling revealed promising gold mineralisation."

Encouraged by the recent 80.6g/t gold assay result from a Rand rock chip characteristic of Intrusive Related Gold Systems (IRGS) (see ASX announcement on the 23 February, 2021) the Company continues the systematic exploration program with AC drilling over the bullseye magnetic targets in the northern part of the tenement. (Figure 1).

The AC program will consist of approximately 40 holes totalling an estimated 2,500 metres of AC drilling.

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

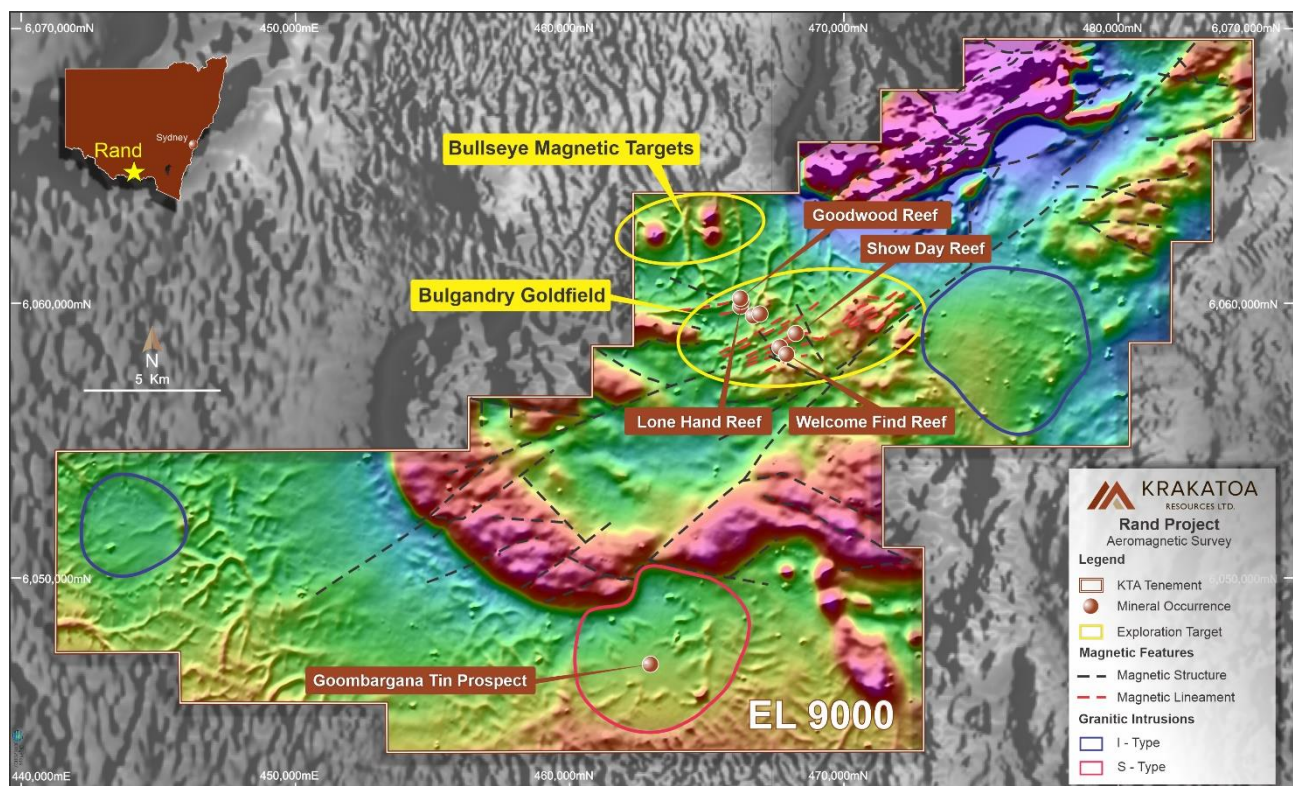


Figure 2 –Priority exploration targets (Bullseye Magnetic and Bulgandry Goldfield), on Aeromagnetic TMI-RTP

Historical drilling in the area confirmed the prospectivity of the bullseye magnetic targets (see ASX Announcement December 16, 2020). Two shallow historical drill holes completed in 1983 returned anomalous gold assays despite being drilled outside the dominant magnetic features. Minor quartz veinlets and disseminated pyrite occur within these intervals. These holes intersected hornblende-bearing diorite and/or granodiorite, I-type intrusions, which are favourable for intrusive-related-gold (IRG) systems.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Disclaimer

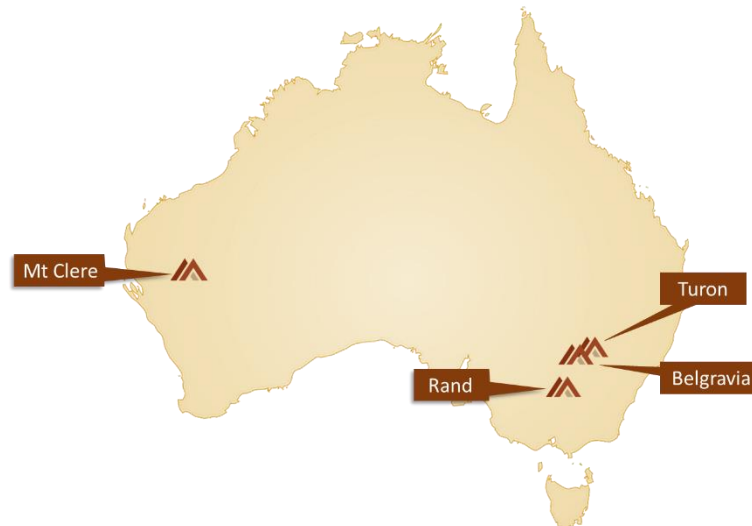
Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding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

The information in this announcement and in the About Krakatoa section below 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, 16 December 2020 and 23 February 2021. 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.

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 deposit types, namely, Ion adsorption clays in extensive laterite areas; Monazite sands in vast alluvial terraces; and Carbonatite dyke swarms.