

12 April 2021

March 2021 Quarterly Activities Report

Highlights

Rand Gold Project

- A series of high-resolution IP geophysical surveys were completed over the Bullseye priority targets initiating a 2,500m Air-Core (AC) drilling program, to test the found targets. AC drilling is currently in progress and nearing completion.
- An auger drilling program was undertaken and achieved high quality soil geochemical sample collection 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.
- Reconnaissance prospecting and mapping exploration on the Welcome Find Mine area priority target revealed:
 - *High grade mineralised float sample (#11319) assayed 80.6 g/t gold, located close to the Welcome Find shaft.*
 - *Majority of samples returned highly elevated metals and pathfinder elements characteristic of intrusive related gold systems (IRGS), reinforcing the prospectively of the Rand area.*
 - *Outcropping mineralisation and alteration presenting vughy stockwork zones in areas of higher topography.*
 - *A Reverse Circulation (RC) drilling program will commence immediately after the AC drilling, targeting the historical workings at Bulgandry goldfields including the Goodwood and Lone Hand Reef mines areas where no drilling has ever been completed despite historical production gold grades of up to 265g/t.*

Belgravia Porphyry Cu-Au Project

- Soil sampling results enhance the potential for a large copper-gold mineralised system at Sugarloaf.
- The encouraging soil results have expanded Krakatoa's area of interest at the undrilled Sugarloaf Prospect.
- Preparations underway to increase the geochemical soil survey area and undertake an extensive air core (AC) drill program to test shallow copper-gold anomalies and assist with vectoring in on the deeper porphyry system.

Mt Clere REES, HMS & Ni-Cu-PGEs Project

- Exploration license's E52/3730 and E52/3731 granted.
- Prospective for Rare Earth Elements, Heavy Mineral Sands, Intrusion hosted Ni-Cu-PGEs.
- Field work expected to commence soon.

Company

- Appointment of geologist Mr Erik Conaghan as Exploration Manager.
- Cash on hand at end of the quarter is \$3.2m



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

Directors

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Timothy Hogan

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Krakatoa Resources Limited (**ASX: KTA**) ("Krakatoa" or the "Company") is pleased to provide the following summary of activities conducted over the March 2021 quarter, which firmly focused on systematic exploration at the Company's 100% owned Rand and Belgravia Projects in the Lachlan Fold Belt, NSW.

Rand Gold Project

Overview

In October 2020, the Company was granted EL9000, after submitting four applications back in June 2020. The Project covers a combined area of 580km², which is located approximately 60km NNW of Albury in southern NSW and contains a 40km structural corridor with the prospective geology largely masked by colluvium.

The tenement captures the historical Bulgandry Goldfield which demonstrates the prospectivity for shear-hosted and intrusion-related gold. Production records from several of the mines within this goldfield such as the Show Day and Welcome Find reefs show substantial gold grades, including 512oz from 60 tons and 70oz from 74 tons, being extracted from the exposed quartz veins.

The known workings occur on small windows of deeply weathered and extensively leached bedrock which pierce the blanketing sediments. Past exploration has concentrated on the areas of outcrop and was limited to the Show Day and Welcome Find Reefs. The Lone Hand and Goodwood Reefs have not been explored since their original closure pre-1902.

Recent Activities

During the quarter, the Company continued to undertake further systematic exploration focusing on the Bulgandry and the bullseye magnetic targets in the northern part of the property after securing ground-breaking land access to these areas last quarter (Figure 1).

The Company completed the field collection and data interpretation of gradient array and dipole-dipole Induced Polarization surveys (19 Jan 2021 ASX announcement) which assisted with the planning a 2,500-metre air core (AC) drilling program over the bullseye area.

The AC drilling program commenced in mid-March 2021 (16 March 2021 ASX announcement) and is still ongoing and nearing completion, due to delays with inclement weather at site. This 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 (Figure 1).

An extensive auger soil geochemical sampling program was completed over the Bulgandry area. This comprised of over 800 sample sites comprehensively covering zones of known historical gold workings and extending along the ENE striking magnetic lineaments for over 5 kilometres, which are considered to be associated with genesis of the gold mineralisation at Bulgandry goldfield (Figure 2). The auger drilling enabled the sample to be taken at depths producing meaningful samples from areas beneath shallow transported cover and potential cultural contamination (e.g. farming and historical mining activities) up to a maximum of 3 metres below surface level.

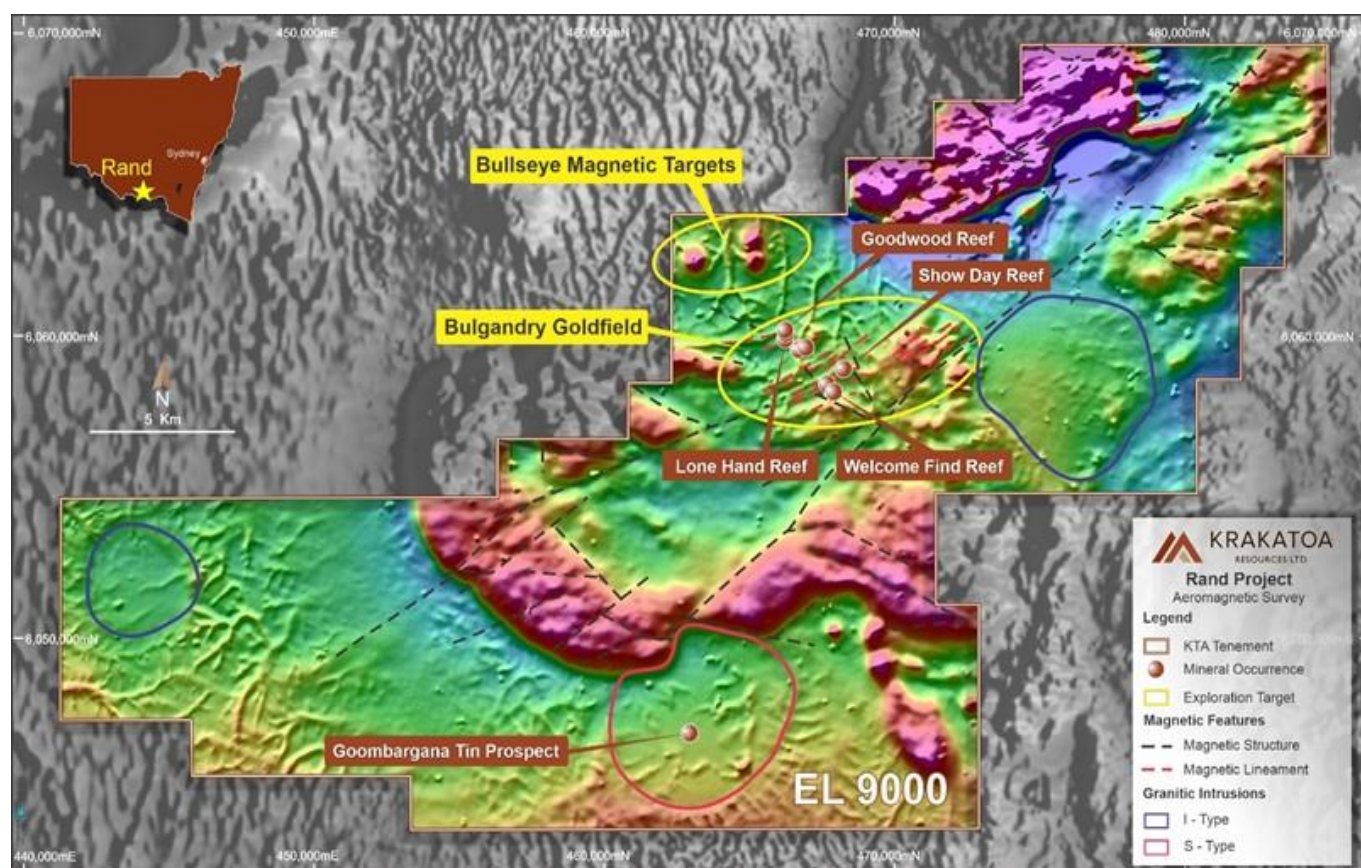


Figure 1 – Aeromagnetic image (TMI-RTP) of the survey area with simple interpretation identifying key geological and geophysical features, including preliminary targets.

A selection of the soil samples are currently undergoing orientation surveys to determine the most suitable laboratory analysis and apt sample fraction size. Once this is complete the remaining samples will be sent to the preferred laboratory for analysis.

The Company received assay results from rock chip samples collected during a reconnaissance field program during late January 2021. The fieldwork involved prospecting in and around the paddocks that hosts the Welcome Find reef and several other unnamed historical workings. A total of 19 chip or float rock samples were taken from silage face outcrop, subcrop exposure, surface outcrop or from historical mine dump areas. All samples comprised weathered quartz veins, with textures ranging from massive to laminated and variably vuggy. Rock samples were chipped from outcrop or collected as 'float' when encountered in the scarified and cleared crop paddocks. All float samples are interpreted to be locally sourced.

Assays returned confirm potential for economic grades of gold (up to 80.6 g/t) and minor silver (up to 56.3 g/t). Highly elevated base metals (Cu, Ni, Pb, Zn) were also present in as well as the pathfinder elements typically characteristic of IRGS, including Bi, Te, W, Mo, As, Sb, In and Sn with a low sulphide content (see 23 February 2021 ASX announcement).

On completion of the 2,500m air-core (AC) drilling program a 1,500m reverse circulation (RC) drilling program will commence to test undrilled historical workings such as the Goodwood and Lone Hand Reefs as well as other targets identified within the Bulgandry area.

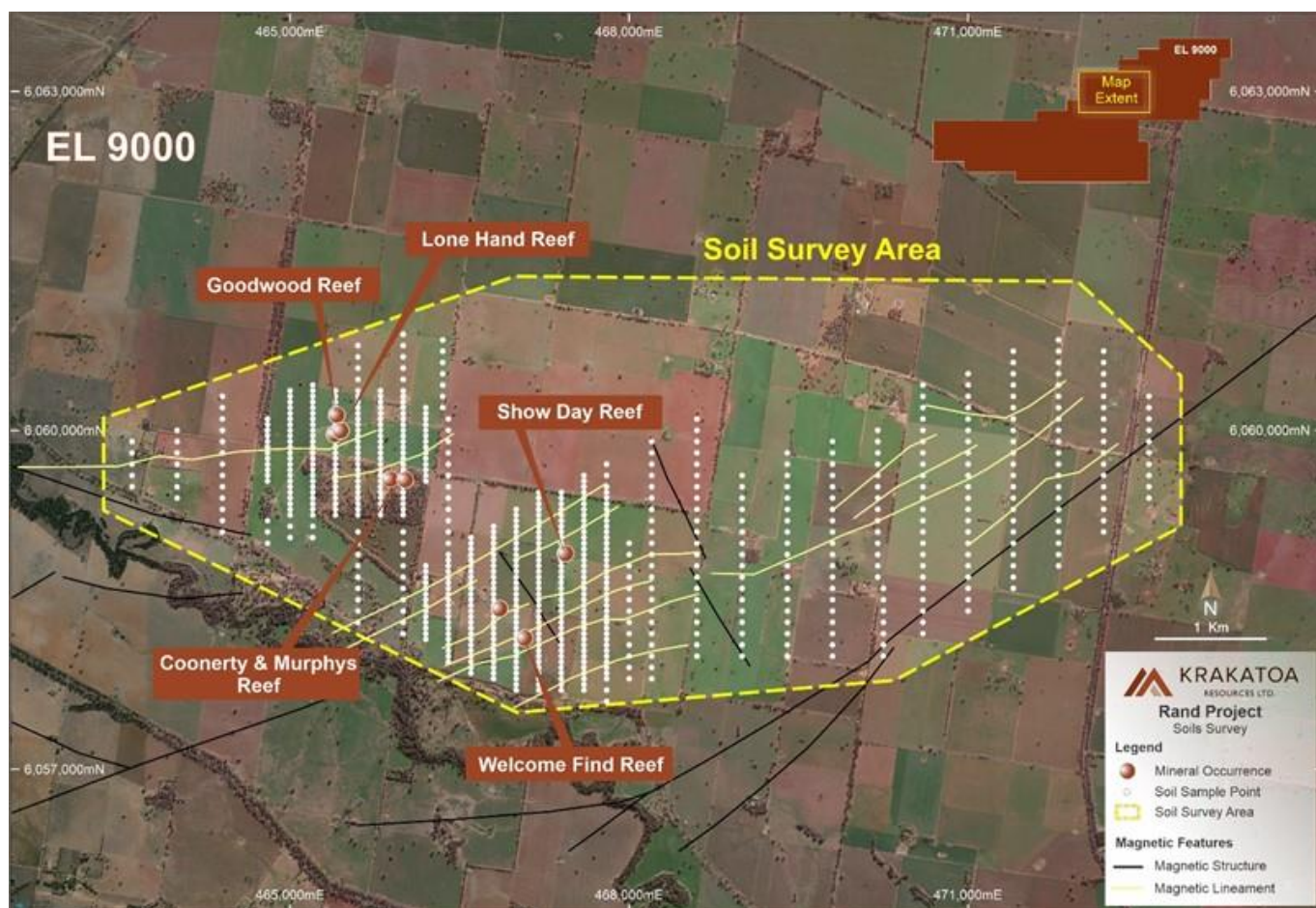


Figure 2 – Location of Bulgandry soil survey, magnetic features, and areas of known historical workings, on satellite image.

Belgravia Cu-Au Porphyry Project

Overview

The Belgravia Project (EL8153) covers an area of 80km² and is located in the central part of the Molong Volcanic Belt (MVB), Lachlan Fold Belt, NSW. It contains the same rocks (Fairbridge Volcanics and Oakdale Formation), or their lateral equivalents, that respectively host the giant Cadia-Ridgeway mine 35km south and Alkane Resources' Boda discovery 65km north. Historical exploration at Belgravia has failed to adequately consider the regolith and tertiary basalt (up to 40m thick) that obscures much of the prospective geology. The Project contains six targets with considerable exploration potential for porphyry Cu-Au and associated skarn mineralisation.

Renewal of EL8153 was received during the December 2020 quarter. Since then, the Company completed its interpretation of the recent assay results from 290 soil samples (or soils) which were taken over the Sugarloaf target. The soils covered the significant magnetic target (1km x 1km magnetic low feature) coincident with two deep ground penetrating radar (DGPR) anomalies and anomalous rock chip geochemistry, including a float sample reporting 5.19g/t gold and 1.73% copper in the southwest margin of the Belgravia tenement.

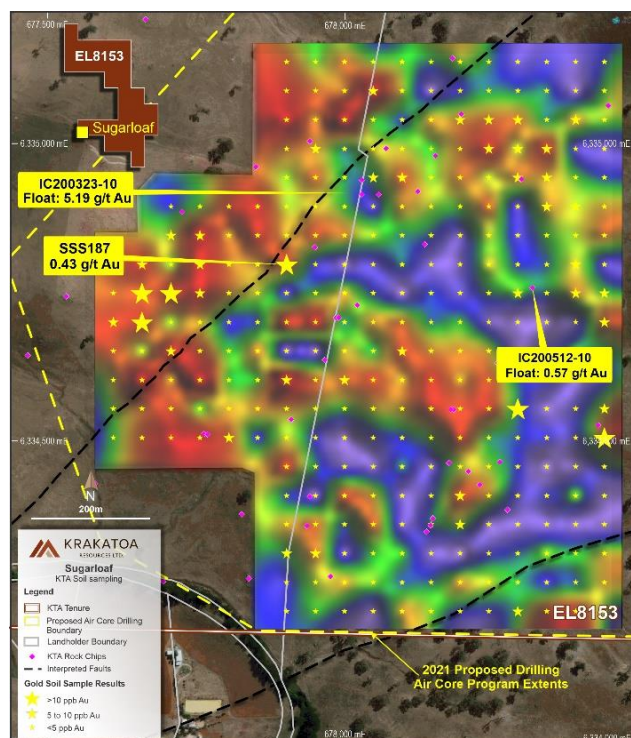
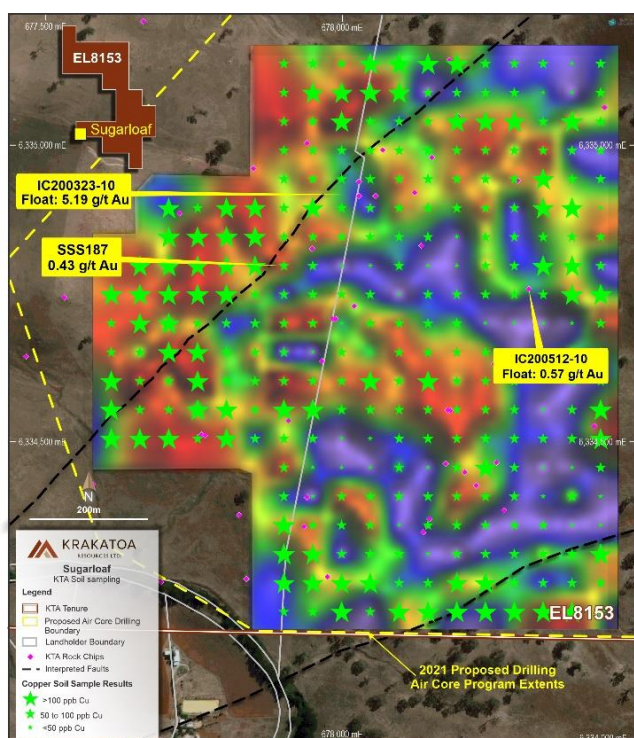
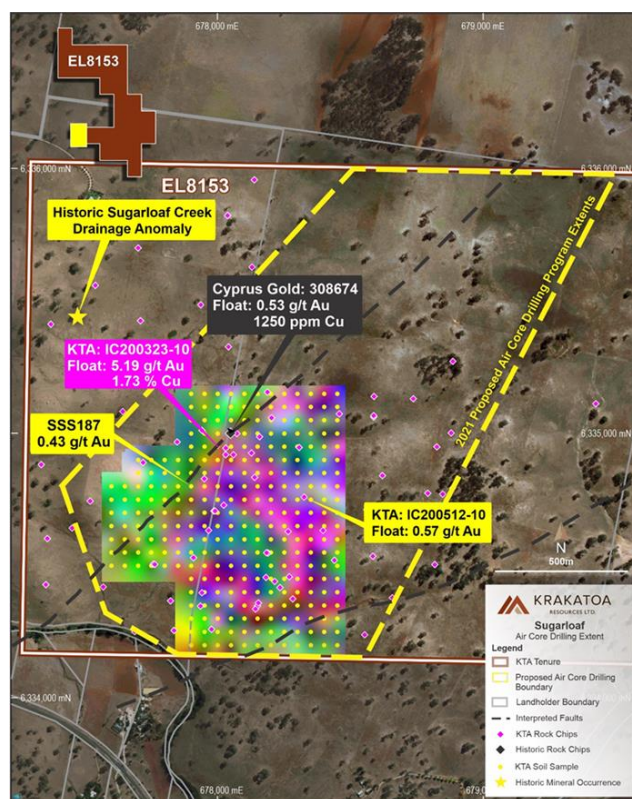
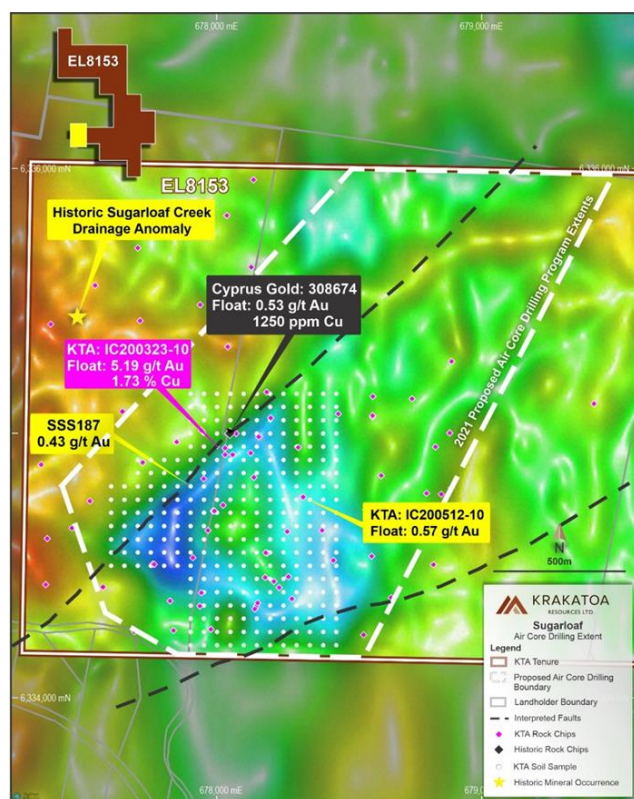


Figure 3. -Sugarloaf soil sampling locations over magnetics (top left) and satellite image. Distinctive ring feature can be seen over magnetics; interpreted as reflecting mineral zonation around an intrusive body: Potassium (Red) – Copper (Green) – Molybdenum (Blue). Bottom images show multielement with copper (green stars) and gold (yellow stars) showing a distinctive ring pattern.

Recent Activities

Analysis of the soil survey (31 March 2021 ASX announcement) shows large areas of anomalous copper ± gold geochemistry and important pathfinder metal assemblages and zonation patterns typical of porphyry copper-gold systems. The interpreted geochemical features correspond with or contain the previously described favourable exploration attributes, collectively demonstrating an intrusive system. Furthermore, the western copper-gold anomaly could represent part of the metal zonation around a porphyry intrusion. However, the anomaly also features anomalous tellurium and bismuth, suggesting either skarn or epithermal mineralisation.

Krakatoa's work supports a copper mineralised system as present at Sugarloaf, potentially sourced from a buried porphyry intrusion with high-grade copper-gold mineralisation that may lie within a few hundred metres from the surface.

The Company is now preparing an extensive air core (AC) drill program to test these priority copper-gold anomalies and the characteristics of a porphyry structure defined at Sugarloaf. A geochemical soil survey will also be undertaken to expand the current area of coverage and include areas outside the initial soil program (Figure 3) locations. Following successful AC drilling several deep holes are being planned to investigate the existence of a deeper porphyry system. The AC drilling and soil work will commence once statutory approvals are received.

Mt Clere REES, HMS & Ni-Cu-PGEs Project

Overview

The Mt Clere project is located approximately 200km northwest of Meekatharra, within the Narryer Terrane, Gascoyne Region Western Australia.

The Narryer Terrane is thought to represent reworked remnants of greenstone sequences that are prospective for intrusion-hosted Ni-Cu-(Co)-(PGE's). Chalice Gold Mines (ASX: CHN) recent Ni-Cu-PGE Julimar discovery, located near Perth in the similarly aged Southwest terrane, has renewed exploration interest in the Narryer terrane. Like the former, the Narryer terrane, which forms the northwest margin of the Yilgarn Craton, consists of relatively high-grade granitic gneisses interlayered with metasedimentary rocks that are intruded by granite and pegmatite. Thus, the Narryer terrane is prospective for similar mineralisation-styles including Ni-Cu-PGE (e.g. Julimar) and orogenic gold (e.g. Boddington).

The project also contains significant opportunities related to rare earth elements, in particular via the previously identified widespread monazite sands concentrated within the drainage networks of the northern applications. Historical work by BHP and Astro Mining NL confirmed the abundance of monazite in pan concentrates, with grades exceeding 50% in many samples resulting in an anomaly exceeding an area of 100km². Other valuable heavy minerals such as zircon (to 60%), and ilmenite (to 29%) with lesser rutile, leucoxene, and xenotime, were recovered in samples from the same area, favourable for large placer resources of easily recoverable material.

The source of the monazite is postulated as coming from either REE ion adsorption on clays within the widely preserved deeply weathered lateritic profiles developed in gneissic rocks or potentially from monazite-rich carbonatites associated with the adjacent Mt Gould Alkaline Province.

Recent Activities

During the Quarter, the Company received granted tenure over two additional exploration licence applications. The newly awarded exploration licences E52/3730 and E52/3731 covers an area of 749 km² (Figure 4). These two exploration licenses join the recently awarded E09/2357 which now has a collective 1,080km² now live.

The Company is currently planning to commence its maiden field program within the next quarter on the current exploration licenses once all statutory and heritage survey notices are approved by the stakeholders. The program will consist of initial field reconnaissance, geological and geochemical mapping, sampling of geological outcrops and stream sampling.

All current programs will be limited to low impact exploration activities.

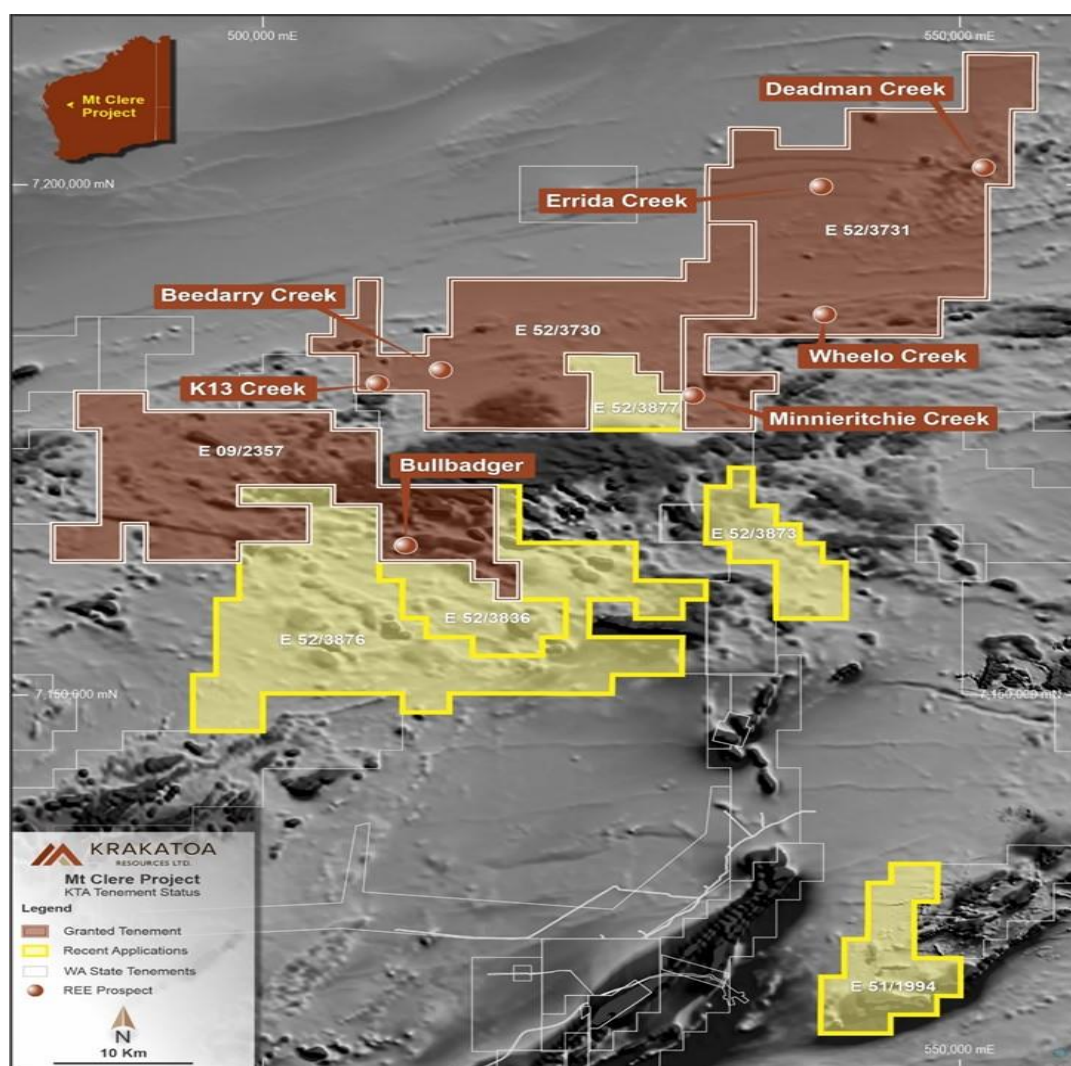


Figure 4 – Krakatoa exploration licence and applications within the Narryer Terrane, Mt Clere Project Gascoyne Region, Western Australia.

Turon Gold Project

Overview

The Turon Project covers an area of 120km². It is situated approximately 50km east of the Company's Belgravia Project and 60km northeast of Newcrest Mining's Cadia Valley Operations, in the Hill End Synclinal Zone, NSW. The geology at Turon bears many similarities in terms of host-rocks, structural- and mineralisation-style to other high-grade turbidite-hosted gold deposits, including Fosterville in the Bendigo-Ballarat zone, central Victoria.

Recent Activities

Desk top review was undertaken over this tenement during the quarter.

Dalgaranga Tech & Battery Elements Project

Overview

The Dalgaranga Project is located 80km northwest of Mount Magnet in Western Australia and lies within the Dalgaranga Greenstone Belt. The Dalgaranga Greenstone Belt is about 50km long and up to 20km wide and contains gold mineralisation (Dalgaranga gold mine), a zinc deposit (Lasoda), graphite deposits, and occurrences of tantalum, beryllium, tin, tungsten, lithium and molybdenum related to pegmatites.

Recent Activities

No work was conducted on the Dalgaranga Project during the March 2021 quarter.

Mac Well Gold Project

Overview

The Mac Well Project has a land area of 66.9km² and is located 10km west of the Company's Dalgaranga Project. The Project contains a 7.5km strike along the prospective Warda Warra greenstone belt, mostly untested due to a thick transported cover. The Company considers favourable structural conditions for gold mineralisation are likely within the Mac Well tenement, acknowledging the significance and prospectivity of the western granite-greenstone contact, as evidenced by the Western Queen Mine.

Recent Activities

No work was conducted on the Mac Well Project during the March 2021 quarter.

Corporate

During the quarter, the Company announced the appointment of Mr Erik Conaghan as Exploration Manager. Erik is a hard rock exploration geologist with over 2 decades' international experience across energy commodities, base and precious metals and battery minerals. He has been engaged by several ASX- and TSX-listed mining houses and has a strong discovery track record.

Cash on hand as the end of the quarter was \$3.2m.

Exploration

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$276k. Exploration during the Quarter largely comprised geophysical surveys, drilling and data compilation - full details of activity during the Quarter are set out above.

ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

Tenements held by the Company, at the end of the quarter are presented in Appendix 1.

Related Party Payments

Pursuant to item 6 in the Company's Appendix 5B – Quarterly Cashflow Report for the Quarter ended 31 March 2021, the Company made payments of \$61k to related parties which relate to existing remuneration arrangements (director fees and superannuation).

Authorised for release by the Board.

Yours faithfully,



Colin Locke
Executive Chairman

Competent person's statement:

The information in this announcement is based on information compiled by Mr Mark Major, a geologist, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and employed as CEO of Krakatoa Resources Pty Ltd, and is an accurate representation of the available data and studies for the claim blocks. Mr Major 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 Major consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

ASX Announcement (Price Sensitive) released during the Quarter

Date	Headline
19-Jan-21	KTA commences IP Surveys over Extraordinary Bullseye Targets
22-Jan-21	KTA significantly Strengthens NSW technical Team
29-Jan-21	Quarterly Activities Report
29-Jan-21	Quarterly Cashflow Report
15-Feb-21	Krakatoa awarded Highly Prized Mt Clere Rare Earth EL's
17-Feb-21	Comprehensive Exploration Commenced at Rand Gold Project
23 Feb-21	High Grade Gold in Rock Chips from Rand Gold Project
16-Mar-21	Commencement of Drilling at Rand Gold Project
31-Mar-21	Soil Assays Trigger Stage 1 Drilling at Sugarloaf Prospect

Appendix 1 - Details of Tenements Held at 31 March 2021

Project	Tenement Licence	Interest held at at 31 December 2020	Interest acquired/ disposed	Interest held at 31 March 2021
Belgravia	EL8153	100%	-	100%
Turon	EL8942	100%	-	100%
Rand	EL9000	100%	-	100%
Mt Clere	E09/2357	100%	-	100%
Mt Clere	E52/3730	-	100%	100%
Mt Clere	E52/3731	-	100%	100%
Mt Clere	E52/3836	-	-	++
Mt Clere	E52/3873	-	-	++
Mt Clere	E52/3876	-	-	++
Mt Clere	E52/3877	-	-	++
Mt Clere	E52/3919	-	-	++
Mt Clere	E51/1994	-	-	++
Mac Well	E59/2175	100%	-	100%
Dalgaranga	P59/2082	100%	-	100%
Dalgaranga	P59/2140	100%	-	100%
Dalgaranga	P59/2141	100%	-	100%
Dalgaranga	P59/2142	100%	-	100%
Dalgaranga	E59/2389	-	-	++
Dalgaranga	E59/2503	-	-	++

+ Tenement applications subject to grant