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BROAD SULPHIDE ZONES INTERSECTED AT MILLY MILLY

HIGHLIGHTS

- **All holes have encountered multiple sulphide zones**
- **Intersection in MMRC01 includes a 30m zone of up to 30% sulphides from 183m downhole**
- **Confirmation that the moving loop electromagnetic targets at Milly Milly represent high sulphide concentration bedrock sources**

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to provide an update on exploration RC drilling program targeting strong electromagnetic (EM) conductors at its wholly owned Mt Clere Project. The Project lies within the Narryer Gneiss Terrane at the northern edge of the Yilgarn Craton in Western Australia and predominantly contains highly metamorphosed and deformed granites and felsic gneisses along with mafic intrusive bodies and rafts of remnant sedimentary units.

Drilling is ongoing, with the fourth hole recently completed. All holes have encountered significant widths of sulphides (Figure 1). The first three holes were drilled over the Milly Milly EM target anomalies (Figure 2) and the fourth hole has just finished at the North Bullbadger area. The Milly Milly holes revealed significant intervals containing sulphide minerals hosted within both highly metamorphosed amphibolite and BIF, and also disseminated within the surrounding granitic material. Sulphide minerals identified include chalcopyrite (copper sulphide), pyrrhotite (iron sulphide) and pyrite (iron sulphide).

Figure 1: Photograph of MMRC01 chip tray from start of major sulphide section

ASX Code
KTA

Capital Structure
344,709,917 Fully Paid Shares
21,200,000 Options @ 7.5c exp 29/11/23
5,000,000 Options @15c exp 29/11/23
15,000,000 Performance Rights at 20c, 30c and 40c.

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Drill hole MMRC01 at the high conductance (10,000S) Milly Milly electromagnetic anomaly intersected sulphide mineralisation zone from 183m downhole (Figure 3). This zone was over 60m thick with the top 30m section reported to have up to 30% sulphides (Figure 4) with the lower section having 2%. This coincides well with the modelled EM plate (Figure 3). These intervals were dominated by iron sulphides such as pyrite and pyrrhotite, with minor chalcopyrite.

The distribution of sulphides through the Milly Milly holes are within both the BIF and granite. This indicates the presence of a significant mineral system that has brought in the sulphides and reduced magnetite in the BIF to pyrite. Pyrite is the sulphide mineral in overall highest abundance however low concentrations of pyrrhotite were also widely noted. Discrete intervals of chalcopyrite were observed from initial logging, generally within zones of strong foliation.

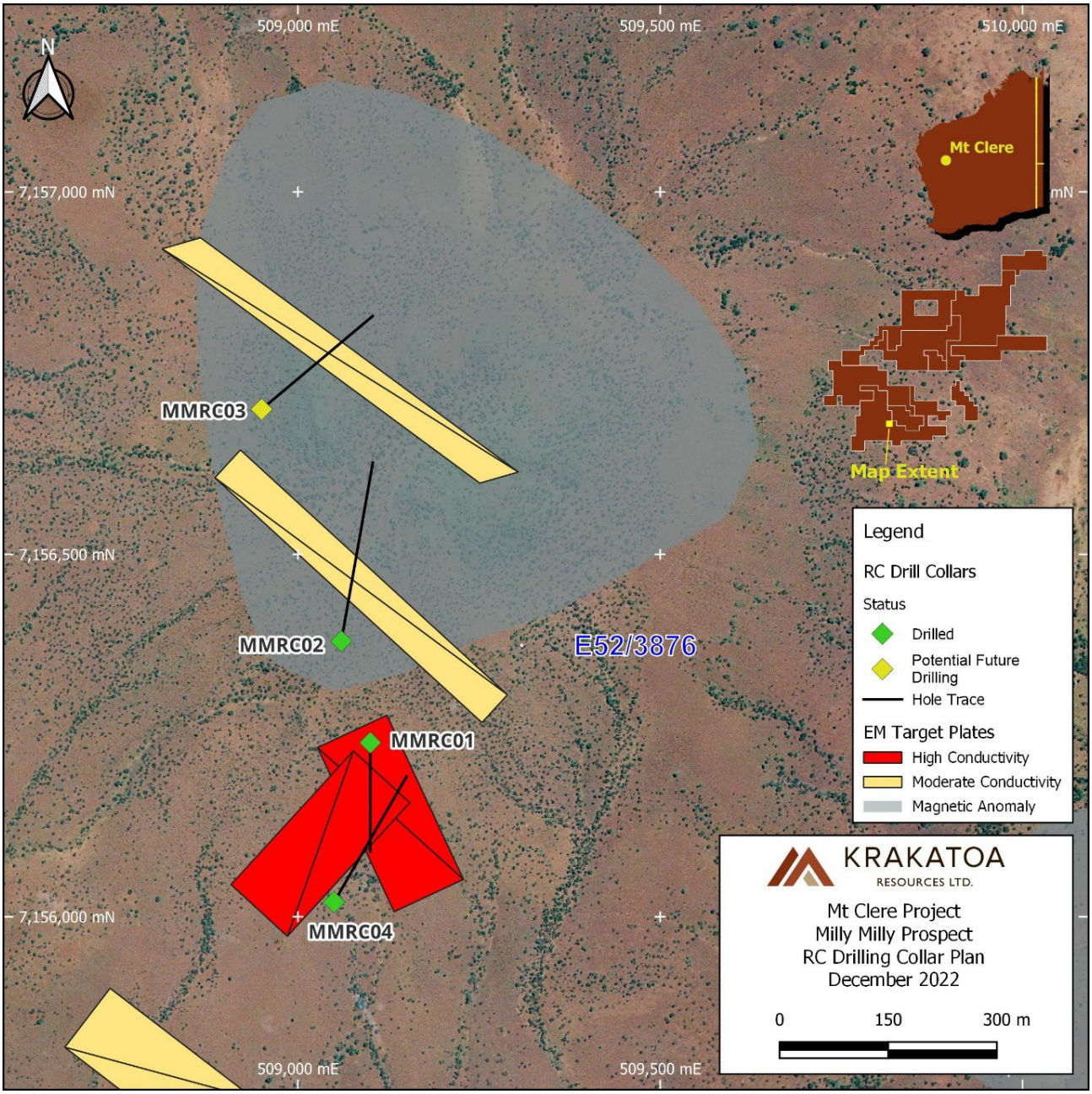

Figure 2: Drillhole plan showing location of the three drillholes completed at the Milly Milly target

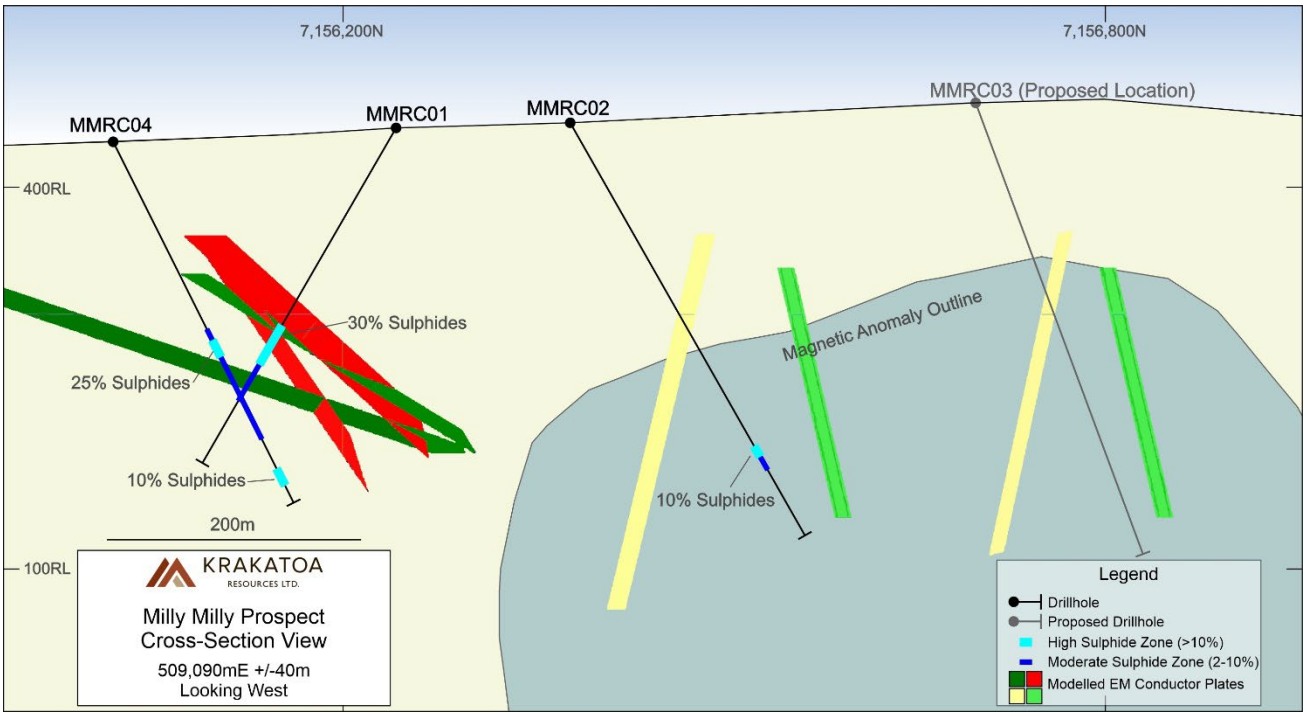

Figure 3: Section through Milly Milly looking west, showing sulphide zones and relation to modelled EM plates (partially off-section)

Figure 4: RC Drilling chips showing sulphide minerals from MMRC01 184-185m (left) and MMRC04 203-204m (right)

A geological summary of the holes can be found in Table 1. The information in this announcement is based solely on visual inspection of the RC drilling rock chips. These samples have not yet been assayed and analysed. The Company has not confirmed whether Ni, Cu or PGE mineralisation is present although chalcopyrite has been sighted in the RC chips.

Krakatoa's CEO, Mark Major commented, *"It is exciting to see high concentrations of sulphides within the target system explaining the modelled EM conductors. It is still very early days in the exploration over these electromagnetic anomalies however it is important to keep the market apprised of our progress. The geology of the first holes drilled into the Milly Milly target are still being interpreted as it is imperative that we understand the complex geology as well as the processes for mineralisation. The presence of sulphides is an exciting initial observation and now we wait with anticipation for the assay results.*

The program is expected to continue until for another week over other target electromagnetic anomalies."

Background Work Programs

The Company conducted an airborne variable-time electromagnetic (VTEM) survey at the end of 2021 (see ASX announcement released January 25, 2022) and identified 52 significant anomalies across the broader survey area. Review of these anomalies and interpretation of their geological setting resulted in 15 being prioritised for follow-up with a ground moving-loop (MLEM) survey that was conducted in May of this year (see announcement dated June 7, 2022). 3D modelling of the anomalies identified several that were prioritised for drilling this year.

Following a delayed heritage clearance process that was completed in the middle of November, Krakatoa quickly secured a drilling contractor and moved to drill the three highest priority targets in the remainder of this year.

Current Work Programs

The Company is completing detailed logging and sample preparation for submission to the laboratories this month.

The RC drilling will continue to drill several other EM anomalies within the southern cluster before demobilising from site. The Company is collecting the drill samples for analysis and the first batch of samples are expected to arrive at the Perth laboratory by Christmas.

On completion of drilling the Company will decide if it will undertake down hole electromagnetic surveys on all holes completed with sufficient casing. If done this will evaluate any potential for off-hole conductors. The company is also optimising the diamond holes to be drilled under a funding grant as part of the WA Government Exploration Incentive Scheme to help with further geological understanding in prospective areas.

Table 1. Drill hole location details and general observations

Hole ID	Northing	Easting	RL	Dip	Azi	Interval (m)	Observations
MMRC01	7156208	509106	456	60	185	0 – 50m	Weathered granite
						50 – 103m	Granite with occasional minor dolerite dyke
						103 – 104m	Quartz vein – structure?
						104 – 173m	Mafic intrusive with minor granitic intervals
						173 – 183m	Granite
						183 – 203m	BIF and minor granite with <30% total sulphides
						203 – 245m	BIF and minor granite with <2% total sulphides
						245 – 298m	Highly magnetic BIF and minor granite
MMRC02	7156379	509063	464	60	012	0 – 30m	Weathered granite
						30 – 58m	BIF and granite with trace sulphides
						58 – 109m	Amphibolite with trace sulphides throughout
						109 – 167m	Amphibolite w BIF and granite, trace po. Trace cpy at 109-114 and 142-159m
						167 – 173m	Metasediment with trace py
						173 – 216m	Granite with minor BIF and trace py throughout
						216 – 249m	Amphibolite/BIF with trace py + po
						249 – 301m	Amphibolite/BIF and minor felsic gneiss
						301 – 306m	Mineralised BIF with <5% py, 5% po and trace cpy
						306 – 314m	Amphibolitic schist with ~0.3% py + 0.3% po
						314 – 336m	Felsic gneiss with trace po
						336 – 363m	Magnetic amphibolite/BIF with trace py + po
MMRC04	7156016	509044	447	60	030	0 – 83m	Weathered granite
						83 – 165m	Granite with occasional minor dolerite dykes
						165 – 175m	Dolerite dyke
						175 – 257m	Metamorphosed BIF with 3-5% sulphides (185-190m <50% total sulphides)
						257 – 282m	Granite with trace disseminated sulphides
						282 – 330m	Diorite with trace sulphides throughout, minor intervals <10% total sulphides
NBERC01	7164776	517882	439	60	10	0 – 67m	Weathered felsic gneiss
						67 – 80m	Amphibolite/BIF with trace py + po + cpy
						80 – 132m	BIF with trace py + po
						132 – 133m	BIF with trace py + po + cpy

Hole ID	Northing	Easting	RL	Dip	Azi	Interval (m)	Observations
						133 – 192m	Amphibolite/BIF with minor py + po with structure at 142-145m
						192 – 199m	Felsic gneiss with structure at 196-197m
						199 – 247m	BIF with trace py + po. (minor intervals up to 0.5% each)
						247 – 273m	BIF (trace cpy at 265m)
						273 – 364m	Metasediments with <1% py in intervals.

Note: py – Pyrite, po – pyrrhotite, cpy – chalcopyrite, pn – pentlandite.
In relation to the disclosure of visual mineralisation, the Company cautions that visual estimates of sulphide abundance should never be considered a proxy or substitute for laboratory analysis.

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Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Competent Person's Statement

The exploration information in this announcement are based on, and fairly represents information compiled by Matthew Ridgway, who is a Member of the Australian Institute of Geoscientists and an employee of Hydra Consulting Pty Ltd acting as a consultant to Krakatoa Resources. Mr Ridgway 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 Ridgway consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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.

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Appendix 1 -JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized 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 pulverized 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 may warrant disclosure of detailed information.*	• The majority of the RC drill chip samples taken thus far are 4m composites taken by scoop sampling the spoil piles from each individual metre. Individual metre samples have also been taken through mineralized zones, which have been taken by split directly from the drill rig cyclone. Samples are typically 2-3kg in weight and are held in calico bags.
Drilling techniques	• *Drill type (e.g., core, RC, open-hole hammer, RAB, auger etc.) and details (e.g., 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.).*	• RC drilling has been undertaken using face-sampling PCD bits of 6" diameter.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximize sample recovery and ensure representative nature of the samples.* • *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.*	• Spoil recoveries have been estimated by experienced field geologists. • Samples have been taken by an experienced field technician using a well-understood and representative sampling technique. • Spoil recoveries have been excellent and no apparent loss of material has occurred.
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) photography.* • *The total length and percentage of the relevant intersections logged.*	• No mineral resources or metallurgical studies have been completed. • RC chip 1 metre intervals were qualitatively logged in detail, for particular observations such as lithology, mineralogy, mineralisation, weathering, alteration. For vein and sulphide mineral content a quantitative recording is made. • The entire drill holes have been logged, as reported in the release summary Table1.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn, whether 1/4, 1/2 or whole core taken.* • *If non-core, whether riffled, 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 maximize 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.*	• RC samples are scooped from the bulk samples, which were collected in buckets from the rig's cyclone then tipped into rows of piles on the ground. All samples have been dry. • Submitted sample preparation will consist of an industry standard of drying and pulverising to -75 microns (85% passing). Samples over 3kg will be split. After pulverizing, a representative sub-sample will be taken for analysis. • Duplicate field samples, certified reference material samples and blank samples have been inserted into the sample sequence and will be submitted to the laboratory. • The size of the sample is considered to have been appropriate to the grain size of the material being sampled.
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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• No Samples have been submitted to a laboratory at the time of reporting.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	• Not applicable.

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar & downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collars were surveyed by a handheld GPS (Garmin with 3-5m precision). • Downhole surveys were completed using a Champ Gyro with an accuracy of ± 0.75° azimuth and ± 0.15° inclination. • The grid system used on the Mt Clere Project for all surveys is GDA94 Zone 50. • Topographic surfaces were recorded using the handheld GPS elevation data, which is adequate for the current stage of the project
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.*	• The drill holes were for targeted reconnaissance exploration purposes and have not been drilled on a grid pattern. • Data spacing and distribution is not sufficient to allow the estimation of mineral resources. • RC drill samples were combined on site to create 4 metre composites.
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.*	• The orientation of sampling is considered appropriate for the current geological interpretation of the mineralisation style. • The orientation of the drilling to the mineralisation is not considered likely to introduce sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples have been taken by a company field technician, zip-tied in green plastic bags, themselves combined in a tied bulka bag for transport to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No independent audits or reviews have been completed to date.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement andland tenure status	• *Type, reference name/number, location and ownership including agreementsor 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 knownimpediments to obtaining a licence to operate in the area.*	• The Milly Milly target is situated within E52/3876 which is a mining license granted to Krakatoa. • The tenements are owned and managed by Krakatoa • The Company holds 100% interest and all rights in the Mt Clere tenements • All are considered to be in good standing.
Exploration by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Various parties have held different parts of the Mt Clere Project in different periods and explored for different commodities over several decades. • The project area was previously explored by BHP, All Star and Astro Mining NL respectively for Au, Pb-Zn-Ag mineralisation and diamonds (see ASX announcement 9 October 2020 and 19 June 2019).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Potential ultramafic-hosted Ni-Cu mineralisation or mafic-intrusive Ni-Cu-(Co)-(PGE) mineralisation. • The project covers regions of structural complexity within the Narryer Terrane in the Yilgarn Craton said to represent reworked remnants of greenstone sequences that are prospective for intrusion-hosted mineralisation.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following 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) ofthe 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.*	• Drill hole collar information is published in the body of the report
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximumand/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.*	• No exploration results are reported
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 shouldbe a clear statement to this effect (e.g. 'down hole length, true width not known').*	• As all drilling on the targets has been by percussion methods and widely spaced, we cannot estimate true widths of intersected mineralisation.
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 sectional views.*	• The pertinent maps for this stage of Project are included in the release.
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 made to avoid misleading reporting of Exploration Results.*	• No exploration analytical results are reported.
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.*	• All new and meaningful material exploration data has been reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensionsor 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.*	• A discussion of the further work is outlined in the body of the report. • Additional exploration work will be determined based on the findings of the current program already published and any assay results once received. • All relevant diagrams and inferences have been illustrated in this report.