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WIDESPREAD PEGMATITES IDENTIFIED AT MT CLERE

- Numerous pegmatite¹ outcrops discovered and frequently observed over a 10km span
- Individual pegmatite outcrops are up to 40m wide and strike over 200m
- Pegmatites¹ could be prospective for lithium-caesium-tantalum (LCT) and niobium-yttrium-fluorine (NYF) mineralisation plus rare earth elements
- The northern Mt Clere tenements have seen no previous lithium exploration and limited rare earth exploration which achieved results up to 1.04% TREO from a 2021 stream sample
- An extensive reconnaissance mapping, soil/rock sampling program and stream sampling expansion survey is ongoing over the northern area, targeting anomalies which are typically elevated in rare earth elements
- Mt Clere project covers more than 2,400km²



Figure 1: Exploration Geologist mapping a large pegmatite outcrop within the DEW area of interest

¹ The presence of pegmatites does not confirm the presence of lithium (spodumene or other lithium minerals) or rare earth elements. Pegmatites are fractionated coarse grained igneous rocks commonly associated with lithium or REE and niobium mineralisation; however, many pegmatites do not contain appreciable quantities of mineralisation. The presence of any mineralisation can only be confirmed with assaying.



ASX Code
KTA

Capital Structure

426,376,584 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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Krakatoa Resources Limited (ASX: KTA) (“Krakatoa” or the “Company”) is pleased to provide an update on exploration activities over the highly prospective Mt Clere project, located in the north-western margins of the Yilgarn Craton in Western Australia.

The Mt Clere project covers an area of more than 2,400km² and contains one of the largest clay-hosted REE resource in Western Australia with a Mineral Resource Estimate of 101MT @ 840ppm TREO (Tower deposit). Most of the project area remains underexplored with approximately 80% of the landholding yet to be explored.

The Company commenced regional reconnaissance, mapping, and geochemical field programs at Mt Clere in early May. Since then, it has been systematically exploring areas of interest identified from satellite, remote sensing, stream geochemistry data and various geophysical interpretation.

Regional exploration – Northern tenements

Recently reestablished pastoral station tracks (Mt Clere Station) has enabled the Company’s exploration teams into the northern tenements of Mt Clere, areas previously hard to enter and conduct intense exploration work programs of this scale. This now opens the highly prospective geochemical targets within the DEW area of interest (which lies within the upper catchment of the Deadman, Errida and Wheelo Creeks).

This area contains significant rare earth element stream geochemical anomalies originally delineated by BHP through the abundant presence of monazite in pan concentrates, with grades often exceeding 50% (WAMEX Report A30270) which was reaffirmed by the Company’s initial phase of reconnaissance stream geochemical sampling in mid-2021 (refer to ASX Announcement dated 9 August 2021). Several significant results included samples MCS21081 with 10,380ppm (1.04%) TREO, MCS21138 with 8,126ppm (0.81%) TREO and MCS21120 with 7,887ppm (0.79%) TREO.

The north-eastern area of Mt Clere, including the DEW AOI, is pervasively deformed and metamorphosed and interpreted as belonging to the Yarlarweelor Gneiss Complex (YGC). The YGC includes granitic sheets and coarse-grained pegmatite intruding reworked zones of the adjacent Narryer Terrane. Several generations of faults are observed in the project area, including the Errabiddy Shear Zone, a 5km-20km wide major crustal suture that binds the Palaeoproterozoic Glenburgh terrane to the Archaean Yilgarn Craton.

The Company considers the tectonic and geological setting as highly prospective for rare element pegmatites including lithium-caesium-tantalum (LCT) and Niobium-yttrium-fluorine (NYF) mineralisation.

Pegmatites

Whilst the field crews were undertaking systematic mapping and geochemical sampling over the northern tenements they encountered various pegmatite outcrops, ranging from 1m up to 40m wide and greater than 200m strike extensions (Figure 1). This work is still ongoing, and it is believed more pegmatite clusters will be encountered.

Currently 9 main cluster areas have been identified, two around the Lucys Bore area and the others within the DEW area of interest (Figure 2).

The pegmatite outcrops within the Lucys pegmatite fields have been described by the field geologists as course grained bodies consisting of feldspar, muscovite minerals and quartz, with common tourmaline (Figure 3). In addition, large tourmaline crystals (Figure 3) have been found on the extent of the pegmatite (as float), often as an accessory to the pegmatite outcrops.

The pegmatite outcrops discovered within the DEW area of interest are reported to be largely composed of quartz, feldspar and mica minerals, however several pegmatites have other minerals such as tourmaline (Figure 4). All the pegmatites tend contain medium to coarse grained minerals, with the mica ranging from massive (5cm books) to evenly distributed within the quartz and feldspar mineral pegmatite mass.

The project area has seen no previous lithium targeted exploration.

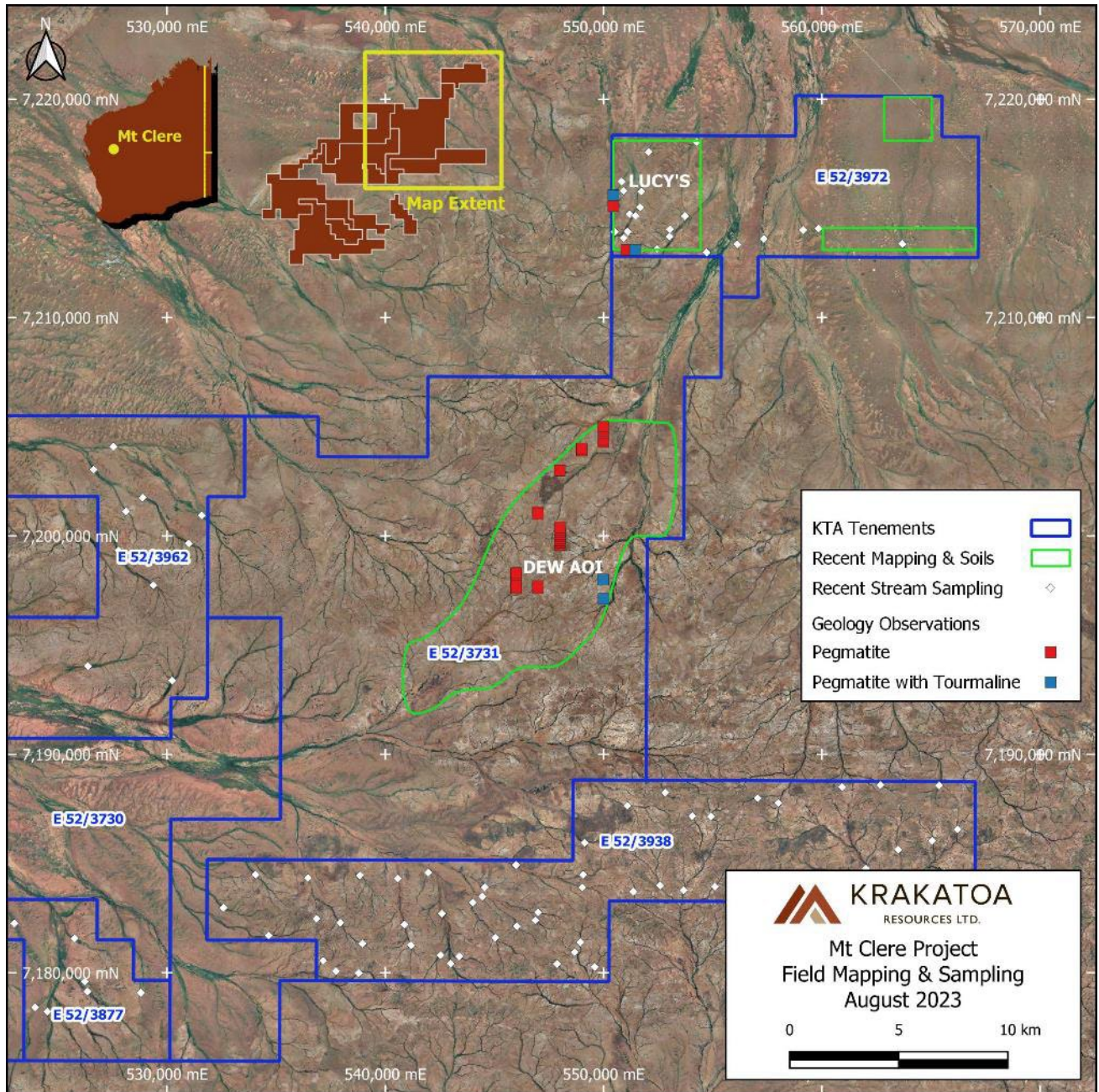


Figure 2: Location of the recent pegmatite sites and areas of mapping and geochemical sampling within the northern tenements of Mt Clere



Figure 3: Photographs of typical quartz, feldspar and mica Pegmatite and the tourmaline crystals (float) found around the Lucys pegmatite area



Figure 4: Photograph of tourmaline crystals within the quartz, feldspar and mica pegmatite located in the DEW area of interest

The presence of pegmatites does not confirm the presence of lithium (spodumene or other lithium minerals) or rare earth elements. Pegmatites are fractionated coarse grained igneous rocks commonly associated with lithium or REE and niobium mineralisation; however, many pegmatites do not contain appreciable quantities of mineralisation. The presence of any mineralisation can only be confirmed with assaying.

The Company is undertaking an extensive reconnaissance mapping, soil/rock sampling and stream sampling expansion program over the northern tenements targeting both rare earth and lithium mineralisation. The geochemical analytical work and any results will be reported to the market in due course.

The Company considers the tectonic and geological setting as highly prospective for rare element pegmatites including lithium-caesium-tantalum (LCT) and Niobium-yttrium-fluorine (NYF) mineralisation. The regional area has been a major hotspot for many REE, Lithium, gold and base metal discoveries (Figure 5.)

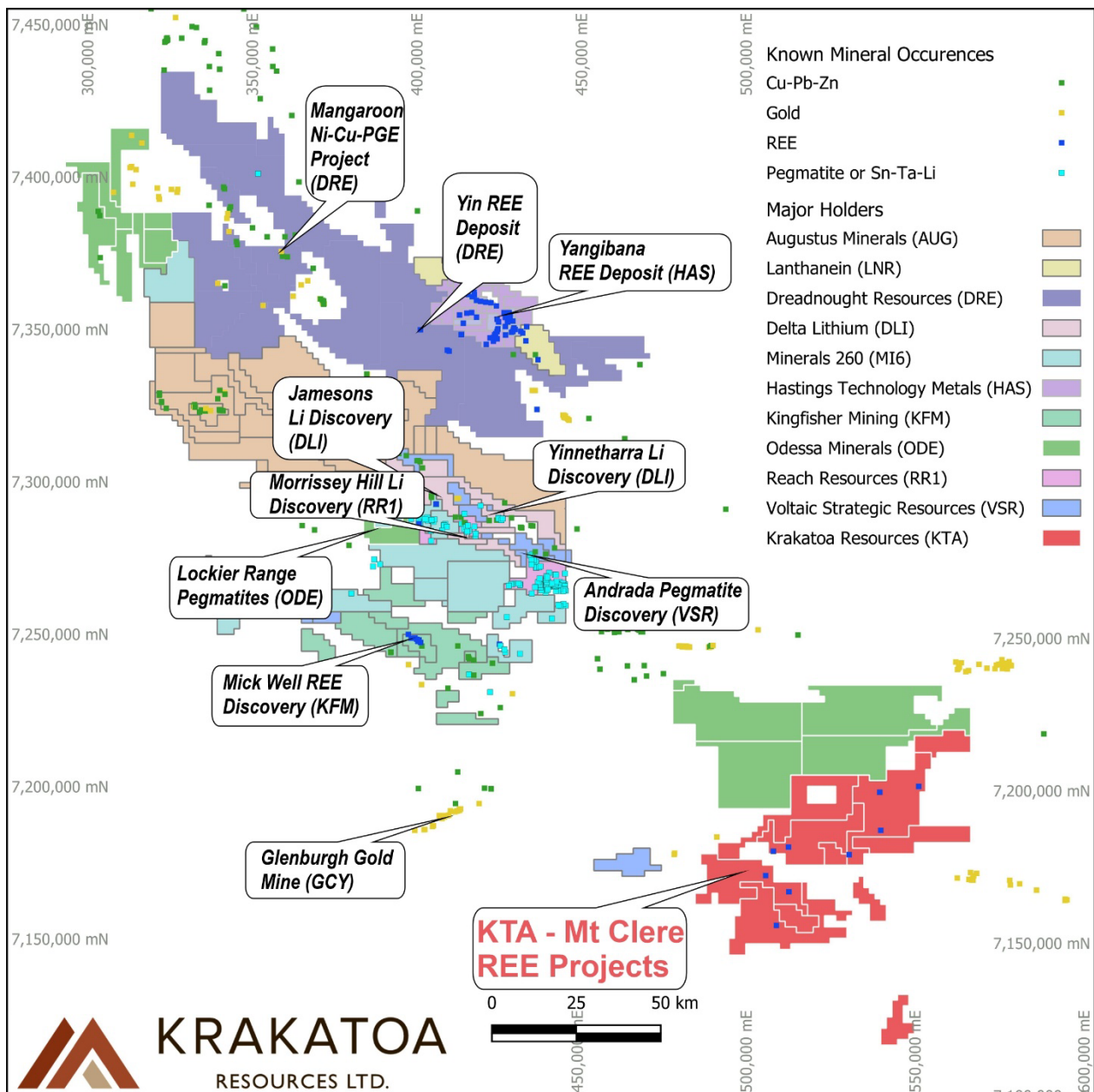


Figure 5: Regional map showing recent important discoveries and location of Krakatoa Resources Mt Clere project and known REE occurrences.

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Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Competent Person's Statement

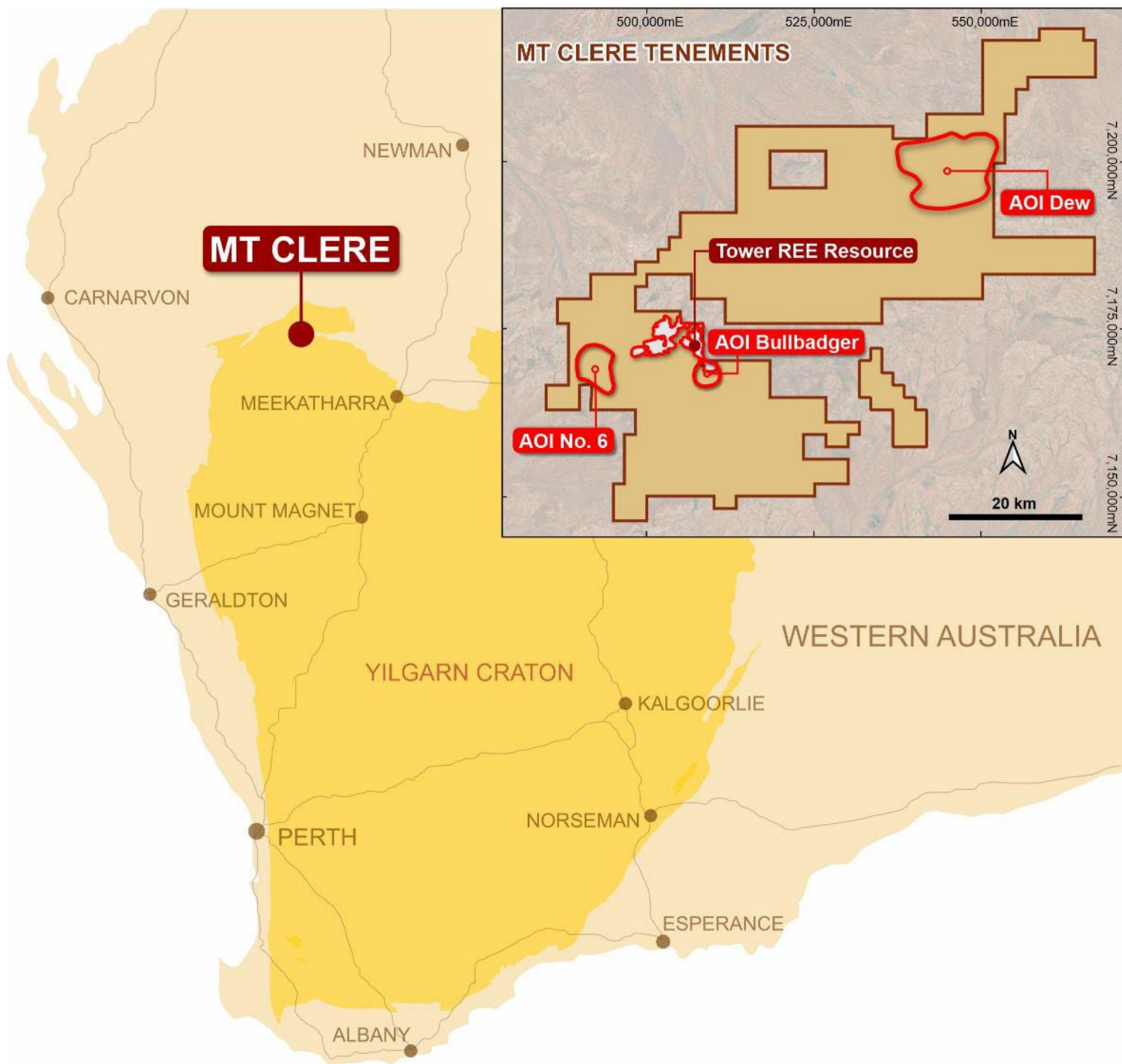
The information in this report that relates to Mineral Exploration is based on information compiled by Mr David Nelson, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Nelson is a full-time employee of Krakatoa Resources Ltd where he holds the position of Exploration Manager - WA. Mr Nelson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Nelson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Mineral Resources for the Tower rare earth deposit is based upon and fairly represents information compiled by Mr Greg Jones who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Jones is a full-time employee of IHC Mining and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (ASX announcement dated 21 November 2022) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 21 November 2022) continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 21 November 2022).

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.



Tower Mineral Resource Summary

JORC Classification	Tonnes (Mt)	TREO (ppm)	TREO – CeO ₂ (ppm)	CREO (ppm)	HREO (ppm)	LREO (ppm)	U ₃ O ₈ (ppm)	ThO ₂ (ppm)
Indicated	40	824	481	233	182	642	1	31
Inferred	61	852	540	290	266	586	2	32
Total⁽¹⁾	101	840	517	267	233	607	2	32

Notes:

- (1) Mineral Resources previously reported to the ASX on 21 November 2022, titled “KTA Delivers Maiden Rare Earth Mineral Resource at Tower”. The Mineral Resource is based on a cut-off grade of 300 ppm TREO-CeO₂. The Mineral Resource is produced in accordance with the 2012 Edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (JORC 2012). The Company is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information in this report and above, which relates to Mineral Resources for the Tower rare earth deposit is based upon and fairly represents information compiled by Mr Greg Jones who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Jones is a full-time employee of IHC Mining and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Jones consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.