krakatoa
resources limited
ABN 39 155 231 575

KRAKATOA RESOURCES LTD

Board:
Colin Locke (Exec. Chairman)
David Palumbo (Non-Exec. Director)
Timothy Hogan (Non-Exec. Director)

Capital Structure:
117,500,000 Fully Paid Shares
52,500,000 Options @ 10c exp 31/05/19
12,000,000 Options @ 10c exp 24/10/20
10,893,878 Options @ 40c exp 12/12/19

ASX Codes:
KTA, KTAOB

Projects
Corkill-Lawson, Ontario, Ag-Co-Ni
Farr, Ontario, Ag-Co-Ni
Dalgaranga, WA, Ta-Li-Rb
Mac Well, WA, Beryl, Co-Ni, Au

28 August 2018

MMI sampling and desktop study confirms Mac Well prospectivity

- ***Mac Well contains a 7.5km strike along the prospective Warda Warra greenstone belt, mostly untested due to a thick transported cover***
- ***Favourable structural conditions for gold mineralisation, in particular along the western granite-greenstone contact, which hosts the Western Queen Mine***
- ***MMI geochemical sampling program generates key area of interest, co-incident with a demagnetised structural breaks in ultramafic bands***
- ***Review of historical drilling at Mac Well also confirms the potential for lateritic nickel-cobalt mineralisation:***
    - ***WQJC120 - 6m@0.36% Ni from 28m***
    - ***WQJC121 - 8m@0.33% Ni from 20m***
    - ***WQJC122 - 8m@0.32% Ni from 30m***
- ***Five conductors that may have significance for nickel sulphide mineralisation delineated by reprocessing legacy VTEM data***

Krakatoa Resources Limited (ASX: KTA) ('Krakatoa' or 'the Company'), a diversified Australian mineral explorer, is pleased to provide an update on exploration activities at its 100% owned Mac Well Property in the Midwest region of Western Australia.

Krakatoa completed a multi-element MMI ("mobile metal ion") soil geochemical survey on historical nickel and gold targets identified in the Warda Warra Greenstone Belt during the review of the public open file exploration data. WMC and subsequently Equigold, the companies responsible for the development of the Western Queen gold deposit (producing 660,000 tonnes at 8.9 g/t gold for 188,800 ounces (Australian Mining, 2017) located to the north of Mac Well, identified the legacy targets.

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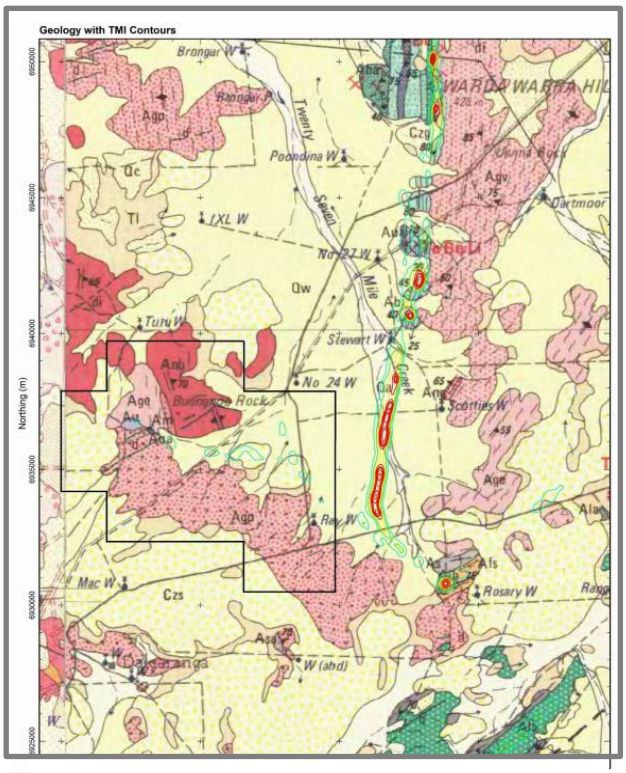

FIGURE 1 – MAC WELL (E59/2175) MAGNETIC TRACE ON SURFACE GEOLOGY

BACKGROUND

The Mac Well Project (E59/2175) covers a land area of 66.9km^2 and is located 10km west of the Company's Dalgaranga Project and adjacent to a recent exploration application by Rio Tinto Exploration Pty Ltd.

The Project overlies part of the Warda Warra Greenstone Belt in the Murchison Region of Western Australia and is located within the Yalgoo Shire, positioned at the northeasterly margin of the Yalgoo Mineral Field. A large portion of the Warda Warra Greenstone Belt, particularly in the south where Mac Well lies, is obscured by alluvial pisolite gravels and sands mostly exceeding 15m in thickness and associated with the Sandford River catchment area (Figure 1).

DATA REVIEW

As part of the desktop study, the legacy digital data for aeromagnetic and heliborne VTEM surveys (Figure 2), which only covers the eastern parts of Mac Well, was recovered and reprocessed by Core Geophysics (Core). WMC Resources and Buxton Resources flew the respective surveys. Core's analysis of the data supports the ultramafic and mafic rocks as extending further east than previously recognised and the exploration review shows most of the 7.5km strike of the greenstones within Mac Well remains untested.

Core outlined 5 VTEM anomalies unseen by past explorers. The five conductors display spatial proximity to a magnetic unit that may have significance for nickel exploration. These new targets were not tested in the current work program.

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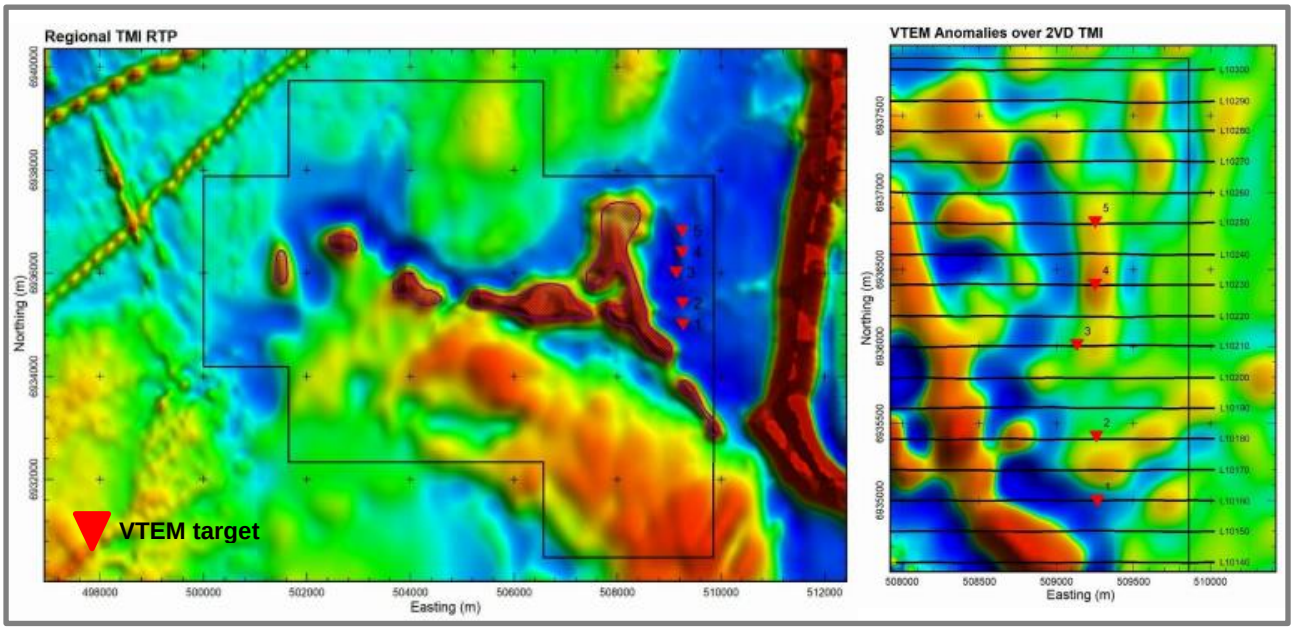

FIGURE 2 – LEFT: MERGED REGIONAL AND SEMI-REGIONAL MAGNETIC SURVEY DATA OVER E59/2175. RIGHT: SEVERAL ANOMALOUS CONDUCTORS (1-5) LINKED TO WEAKER MAGNETIC UNITS DELINEATED IN THE VTEM DATA

Other key features at Mac Well identified during open-file review include the following:

Structural interpretation of the aeromagnetic imagery by WMC in 1992 generated numerous magnetic targets, which were mostly for gold. One of the higher priority gold targets, M22, lies within the east of the Mac Well tenure, was tested by two lines of RC drilling (Line 1 including holes WQJC119-125 and Line 2 including holes WQJC145-149: Appendix 1: Figure 3). The inclined holes (–60° east) mostly terminated in weathered ultramafic rocks, with an average depth of 60m (maximum depth of 78m). Drill samples were analysed for gold, nickel, copper, bismuth and sporadically arsenic. Several of the earlier holes produced important anomalous intersections of nickel mineralisation (using a 0.3% cutoff, Appendix 2):

- WQJC120 6m@0.36% Ni from 28m.
- WQJC121 8m@0.33% Ni from 20m.
- WQJC122 8m@0.32% Ni from 30m.

The shallow percussion drilling supports the nickel mineralisation is associated with deeply weathered and lateritised serpentinite, dunite and/or peridotite. WMC did not assay for cobalt or scandium in their drilling.

Elsewhere in the greenstone belt chalcopyrite, millerite, violarite, pentlandite and mackinawite sulphides were recorded in the same rocks, however, as yet, no massive sulphides have been intersected. The best drill intercept returned outside of Mac Well was 1.52 metres at 2.15% Ni associated with disseminated sulphides (Wamex Report A58274).

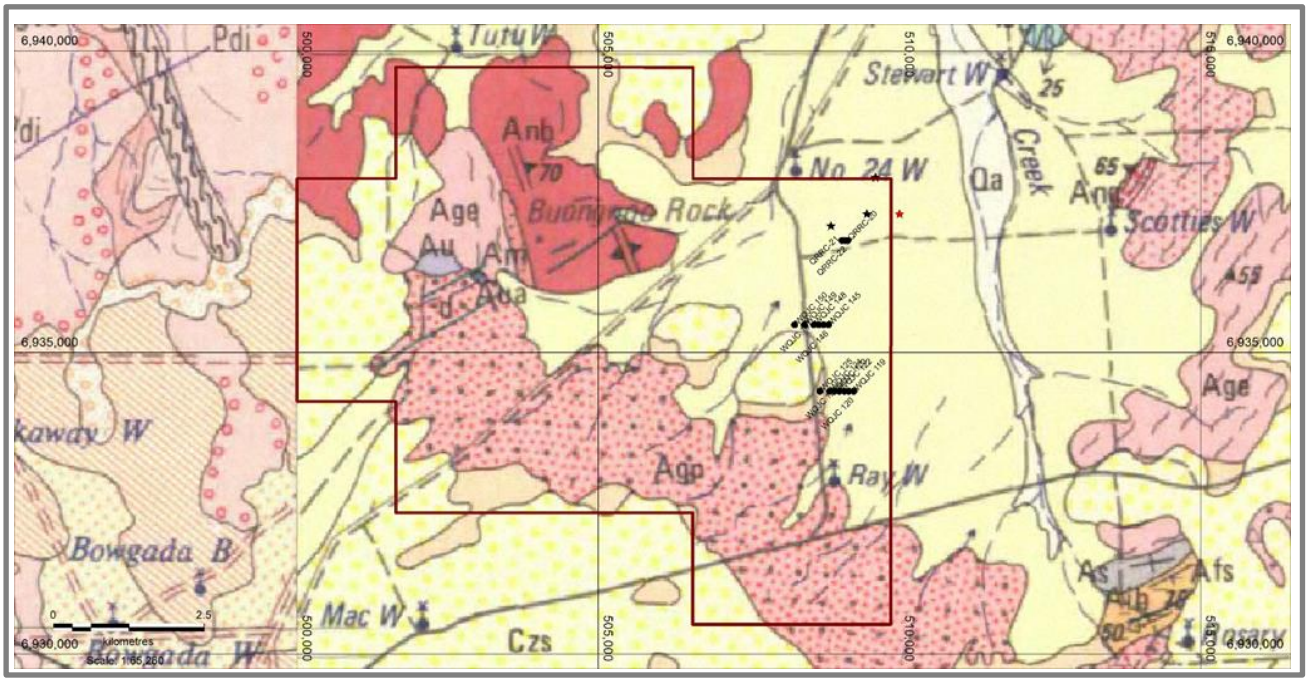

FIGURE 3 – REVERSE CIRCULATION DRILLING, E59/2175: COLLAR LOCATIONS

WMC also produced a gold prospectivity model for the Warda Warra Greenstone Belt (Figure 4). The company cited the importance of northeast-trending lineaments, such as the Stewart and Western Queen Zones, as a critical control on gold mineralisation within the belt. The other critical criterion includes the proximity to granite-greenstone contact, in particular, the western contact, where the ultramafic rocks have taken up most of the strain. The Western Queen, Western Queen South and Trixie gold deposits all lie proximal to this contact.

The Stewart Zone and the western granite-greenstone contact align within the north of the Mac Well tenure forming a prospective gold zone obscured by the substantial cover present in the area. WMC and Equigold respectively applied surface lag and soil geochemistry in their exploration of the region without success. Both techniques are unsuitable for use in environments with thick cover, and neither test is considered definitive.

The historical prospecting licences, 59/544 and 59/545, were explored by prospectors for Beryl, Emerald, Tin and Tantalite. Sampling on the western licence (P59/545) identified floaters of opaline silica and chromite, indicative of the underlying ultramafic rocks. Float samples returned chrome values up to 4% Cr, and mostly ranged between 900 ppm and 5000 ppm Cr, and Ni values to 4000ppm (refer to Appendix 3 and Figure 5). The enrichment and variability of Cr is directly related to the modal abundance and weathering of chromite, Cr-magnetite, and the spinel-silicate mixture in the serpentinised ultramafic rock.

A assayed sample of vein quartz/chert returned 0.39ppm gold. Though an exact location for the sample is not provided, the position of the tenements conform to the gold prospectivity model proposed by WMC, which implies an enhanced prospectivity for gold may exist within the area.

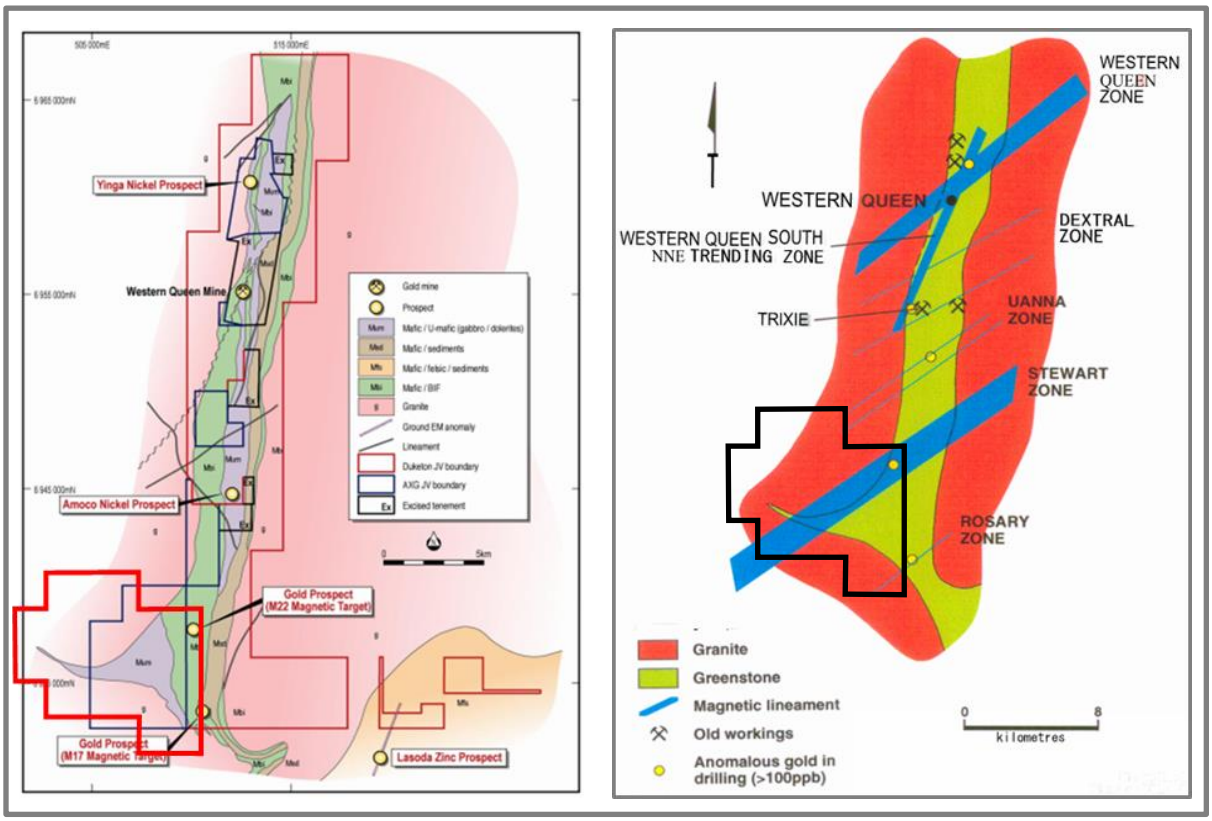

FIGURE 4 – LEFT: HISTORICAL MAP SHOWING THE APPROXIMATE POSITION OF E59/2175 ON GOLD AND NICKEL TARGETS. RIGHT: APPROXIMATE POSITION OF E59/2175 ON WMC GOLD PROPECTIVITY MODEL

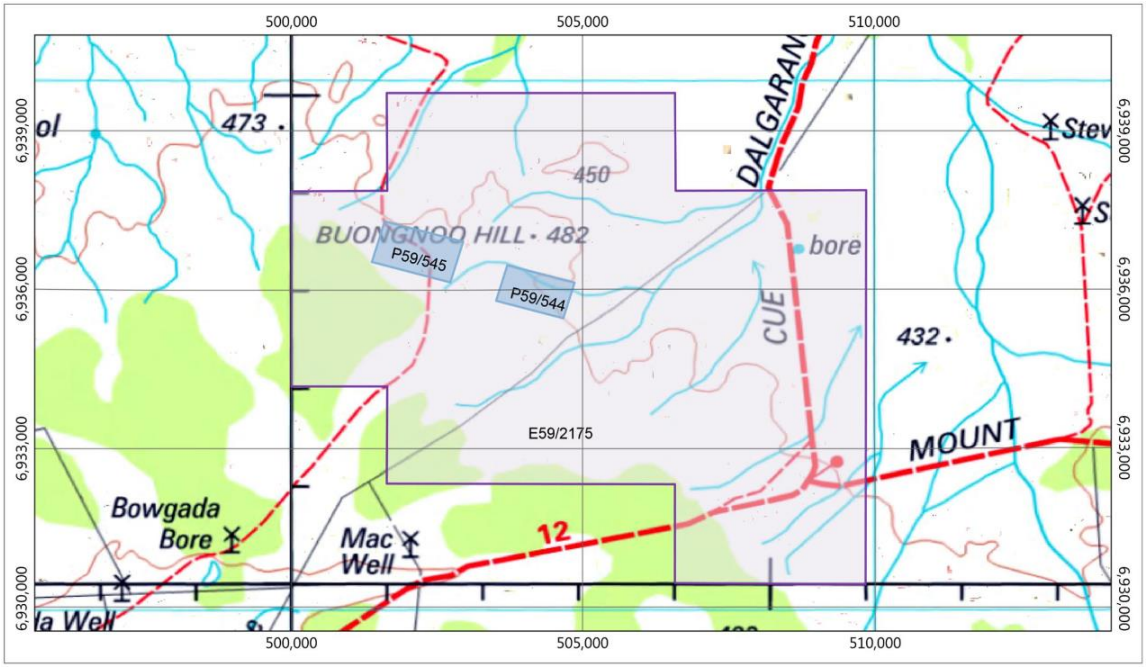

FIGURE 5 – RELATION BETWEEN THE MAC WELL TENEMENT (E59/2175) AND TWO HISTORICAL PROSPECTING LICENCES (59/544 AND 545) EXPLORED BY PROSPECTORS IN THE HUNT FOR BERYL, EMERALD, TIN AND TANTALITE.

No location information is provided within the report (WAMEX Report A23990), which dates back to 1981. However, the tenements, and therefore the areas sampled, are enscapulated within the Mac Well tenement (Figure 5).

MOBILE METAL ION (MMI) GEOCHEMISTRY

The Company announced three target zones on which geochemical sampling would be completed (see Geochemical Survey commences at Mac Well; Asx 16/07/2018). The targets included nickel-cobalt laterite and pegmatite-hosted lithium and beryl.

Target summary (Figure 6):

- Zone 1: Pegmatite internal to the granite body
- Zone 2: Distal pegmatite - intrude greenstone sequences representing the main target for LCT-pegmatite and associated mineralisation
- Target 3: Contact zone between felsic intrusive and iron-rich mafic and ultramafic units as a focus for gold mineralisation

Zones 2 and 3 were the main areas tested with MMI in the current work program. The MMI sampling did not extend across the recently outlined VTEM targets.

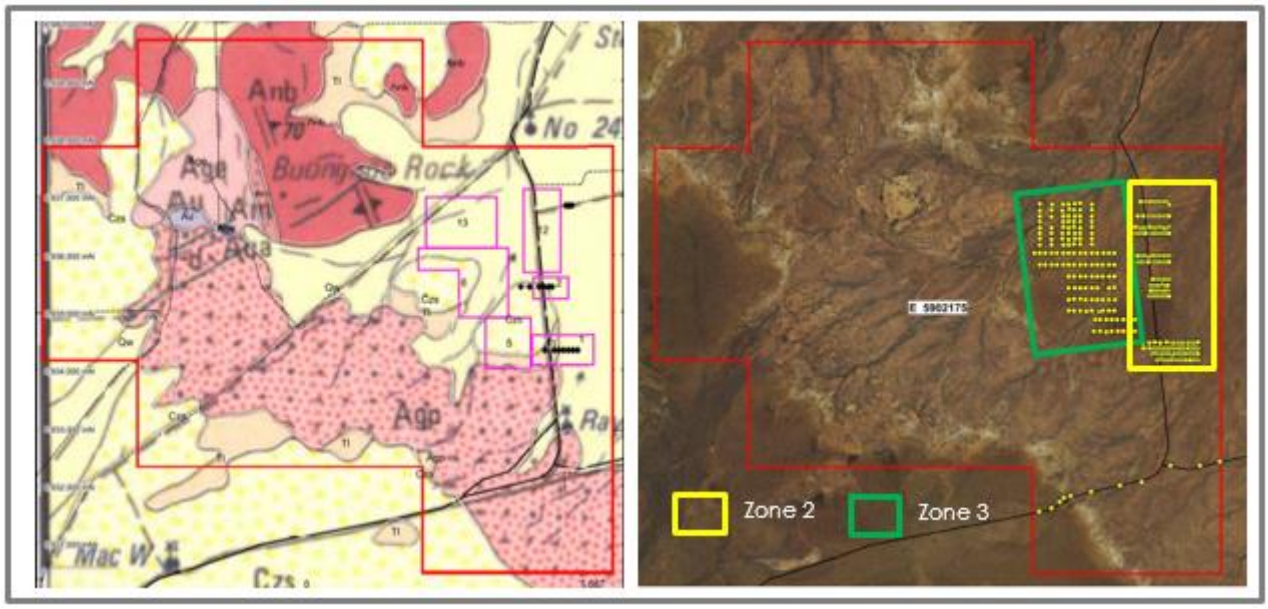

FIGURE 6 – LEFT: TARGET ZONES 2 AND 3 OVER GEOLOGY, E59/2175. RIGHT: MMI SAMPLE LOCATIONS.

Considerations resulting from the desktop study, which showed the prospective greenstone geology to be overlain by a variably thick blanket of sedimentary cover, supported the use of a partial or selective soil geochemical technique, such as MMI. It showed that the historical lag and conventional

soil geochemistry sampling were ineffective, and thus much of the greenstone remains untested by appropriate exploration. The highly sensitive MMI soil geochemical technique is considered one of the best and most cost-effective exploration technologies for use in identifying nickel and gold mineralisation for environments like those encountered at Mac Well.

Most soils were collected on 50-metre centres on 100 metre spaced lines across the selected targets. Fourteen traverses were completed on Zone 2; 15 traverses were completed on Zone 3 (mostly on 100 centres x 100m spaced lines). In total, 300 grams of material sieved to -4mm was collected and weighed in a plastic zip-lock bag for 317 samples. The samples were submitted to SGS Australia Pty Ltd for MMI-M assay. Table 1 lists the analysed suite of elements with their lower limit of detection.

Detection limits:							
Ag	1 ppb	Er	0.5 ppb	Nd	1 ppb	Tb	1 ppb
Al	1 ppm	Eu	0.5 ppb	Ni	5 ppb	Te	10 ppb
As	10 ppb	Fe	1 ppm	P	0.1 ppm	Th	0.5 ppb
Au	0.1 ppb	Ga	1 ppb	Pb	10 ppb	Ti	3 ppb
Ba	10 ppb	Gd	1 ppb	Pd	1 ppb	Tl	0.5 ppb
Bi	1 ppb	Hg	1 ppb	Pr	1 ppb	U	1 ppb
Ca	10 ppm	In	0.5 ppb	Pt	1 ppb	W	1 ppb
Cd	1 ppb	K	0.1 ppm	Rb	5 ppb	Y	5 ppb
Ce	5 ppb	La	1 ppb	Sb	1 ppb	Yb	1 ppb
Co	5 ppb	Li	5 ppb	Sc	5 ppb	Zn	20 ppb
Cr	100 ppb	Mg	1 ppm	Sm	1 ppb	Zr	5 ppb
Cs	0.5 ppb	Mn	10 ppb	Sn	1 ppb		
Cu	10 ppb	Mo	5 ppb	Sr	10 ppb		
Dy	1 ppb	Nb	0.5 ppb	Ta	1 ppb		

TABLE 1. DETECTION LIMITS FOR THE MMI-M ASSAY METHOD.

MMI RESULTS

A variety of mineral environments, as shown in the prospectivity maps for pegmatite and gold (Figure 6), were highlighted for further investigation by the MMI sampling. The prospectivity maps were calculated by adding the ranked values for the elements of interest. For example, rare earth elements (REE) used the values for lanthanum, cerium, praseodymium, neodymium, europium, terbium, samarium, dysprosium, erbium, ytterbium, scandium, and yttrium. Gold used the ranked values for gold, arsenic and silver.

The MMI geochemistry results from Zone 2 produced two areas of interest. The first corresponds with a demagnetised structural break in the ultramafic bands previously drilled by WMC (visible in the bottom right corner of Figure 7b); the second zone occurs along the eastern margin of the ultramafic band which hosts the M22 magnetic target and lies proximal to companies recently outlined VTEM targets.

The signature in the latter includes spot enrichments in Copper, Nickel, Cadmium, Lead, and Zinc with weak Scandium, which when considered together plausibly indicate the presence of sulphide minerals. The anomalous responses in several elements, including the aforementioned element

suite along with Mercury, several alkali metals (Cs, Nb, Li and Rb), and a number of REE (Ce, Er, La, Nd, Y) are indicative of the presence of pegmatoids and potentially a shear zone developed along the eastern contact of an ultramafic band.

The prospective gold/nickel target associated with the demagnetised area included a suite of gold pathfinders, including Silver, Arsenic, Cobalt, Copper, Cadmium, minor Gold, Mercury, Molybdenum, Nickel, Potassium Scandium, Tin, Tungsten, Uranium, Zinc, and several REE (Ce, Er, La, and Nd).

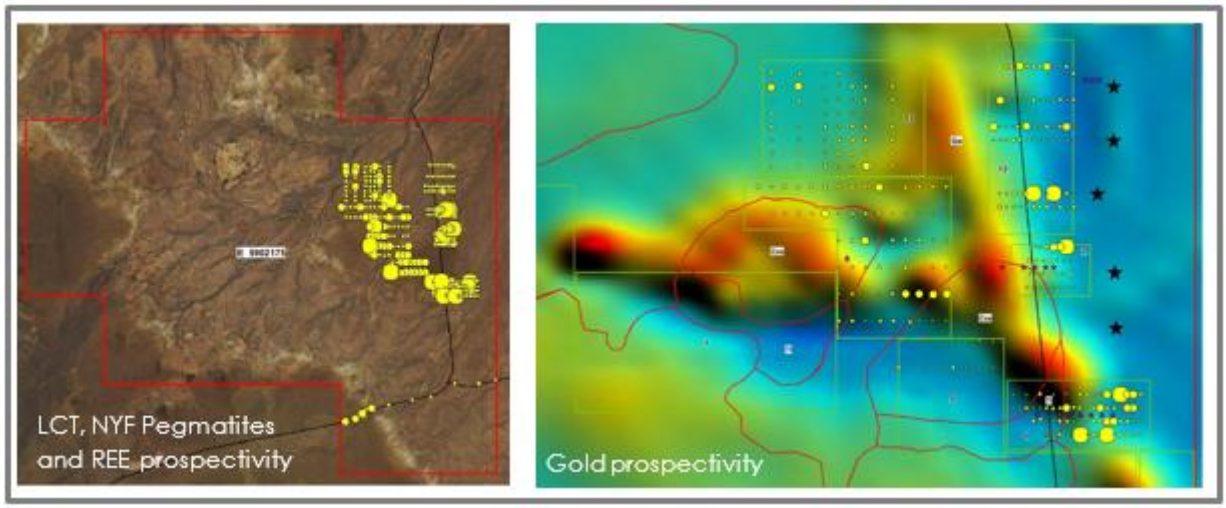

FIGURE 7 – LEFT: TARGET ZONES 2 AND 3 OVER GEOLOGY, E59/2175. RIGHT: MMI SAMPLE LOCATIONS.

Few targets besides the indicated presence of NYF pegmatites and coincident scattered spikes in Nickel and Cobalt dropped out in Zone 3. NYF stands for niobium (Nb), yttrium (Y), and fluorine (F), rare elements that characteristically concentrate within and define this pegmatite-type that are commonly enriched in all rare elements for which they are a potential source. The scattered Ni and Co values are thought to represent responses returned from the underlying weathered serpentinised ultramafic rocks.

FUTURE WORK

Suggested further work could be to:

- Sample the area containing the five interpreted VTEM anomalies
- Sample the area of the magnetic anomaly that links the Warda Warra to the Mac Well area
- Expand the soil grid to cover the interpreted extent of ultramafic rock and the western contact area within the Mac Well tenement
- Review with and intent to RAB drill test, the strong multielement signals returned from the demagnetised ultramafic position

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REFERENCES

Australian Mining, 2017 Monax Mining earns stake in Western Queen gold project. https://www.australianmining.com.au/news/monax-mining-earns-stake-western-queen-gold-project/. Retrieved 26/08/2018.

FOR FURTHER INFORMATION:

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Executive Chairman

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Competent Persons Statement: Jonathan King

The information in this announcement is based on information compiled by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Collective Prosperity Pty Ltd, and is an accurate representation of the available data and studies of the claim blocks. Mr King 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 King consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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APPENDIX 1 - IDENTIFIED DRILL COLLARS WITHIN E59/2175

Hole_ID	AMG84_East	AMG84_North	MGA_East	MGA_North	MGA_RL	Max_Depth	Dip	Azi
QRRC-20			509141.18	6936851.4	0	58	-90	360
QRRC-21			509091.18	6936851.4	0	55	-90	360
QRRC-22			509041.17	6936851.4	0	59	-90	360
WQJC 119			509241.17	6934351.4	270	56	-60	90
WQJC 120			509161.17	6934351.4	270	78	-60	90
WQJC 121			509081.18	6934351.4	270	70	-60	90
WQJC 122			509001.17	6934351.4	270	68	-60	90
WQJC 123			508921.17	6934351.4	270	68	-60	90
WQJC 124			508841.17	6934351.4	270	68	-60	90
WQJC 125			508681.17	6934351.4	270	50	-60	90
WQJC 145			508821.17	6935451.4	270	76	-60	90
WQJC 146			508741.17	6935451.4	270	52	-60	90
WQJC 147			508661.17	6935451.4	270	74	-60	90
WQJC 148			508581.17	6935451.4	270	56	-60	90
WQJC 149			508421.18	6935451.4	270	48	-60	90
WQJC 150			508261.17	6935451.4	270	56	-60	90
WQJC158	509460	6937300			0	78	-90	0
WQCJ159	508860	6937100			0	92	-90	0

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APPENDIX 2 - DRILL ASSAY RESULTS, E59/2175 (0.3% NI CUTOFF)

Hole_ID	From	To	Lith	Comments	Au	Bi	Cu	Ni	MagS	ANUMBER
WQJC 120	0	2	Nalm		<1	0.4	15	40	0.73	42029
WQJC 120	2	4	Nalm		<1	0.5	20	75	0.67	42029
WQJC 120	4	6	Nalm		<1	0.4	10	20	0.5	42029
WQJC 120	6	8	Nalm		<1	1.5	15	35	0.62	42029
WQJC 120	8	10	Nalm		<1	1.4	10	65	0.5	42029
WQJC 120	10	12	Nalm		<1	1.1	5	70	0.49	42029
WQJC 120	12	14	Zm		<1	2.1	5	255	94.9	42029
WQJC 120	14	16	Zm		<1	1.6	<5	205	53.5	42029
WQJC 120	16	18	U		<1	1	15	185	8.99	42029
WQJC 120	18	20	W		<1	2.2	15	810	1.96	42029
WQJC 120	20	22	W		<1	1.7	15	670	2.42	42029
WQJC 120	22	24	W		<1	0.7	10	560	3.57	42029
WQJC 120	24	26	U		<1	0.7	15	1200	3.7	42029
WQJC 120	26	28	U		<1	1.3	40	2650	5.5	42029
WQJC 120	28	30	U		<1	0.5	25	3600	5.62	42029
WQJC 120	30	32	U		<1	1.1	15	3950	4.11	42029
WQJC 120	32	34	U		<1	0.5	5	3350	5.34	42029
WQJC 120	34	36	PG	PEGMATITE mg cream	<1	0.7	5	1650	0.91	42029
WQJC 120	36	38	PG	PEGMATITE mg cream	<1	0.3	<5	220	0.37	42029
WQJC 120	38	40	PG	PEGMATITE mg cream	<1	0.3	5	150	0.37	42029
WQJC 120	40	42	PG	PEGMATITE mg cream	2	0.4	<5	195	0.3	42029
WQJC 120	42	44	PG	PEGMATITE mg cream	<1	0.7	<5	75	0.23	42029
WQJC 120	44	46	PG	PEGMATITE mg cream	<1	0.4	<5	80	0.5	42029
WQJC 120	46	48	PG	PEGMATITE mg cream	<1	0.6	<5	95	0.51	42029
WQJC 120	48	50	PG	PEGMATITE mg cream	<1	0.4	<5	65	0.28	42029
WQJC 120	50	52	PG	PEGMATITE mg cream	<1	0.3	<5	70	1.36	42029
WQJC 120	52	54	PG	PEGMATITE mg cream	<1	0.2	<5	90	0.14	42029
WQJC 120	54	56	PG	PEGMATITE mg cream	<1	0.3	<5	85	0.21	42029
WQJC 120	56	58	PG	PEGMATITE mg cream	<1	0.5	<5	95	0.25	42029
WQJC 120	58	60	PG	PEGMATITE mg cream	<1	0.2	<5	65	0.37	42029
WQJC 120	60	62	PG	PEGMATITE mg cream	<1	0.6	5	75	0.45	42029
WQJC 120	62	64	PG	PEGMATITE mg cream	<1	0.5	5	75	0.47	42029
WQJC 120	64	66	PG	PEGMATITE mg cream	<1	0.2	5	65	0.32	42029
WQJC 120	66	68	PG	PEGMATITE mg cream	<1	0.8	10	385	0.43	42029
WQJC 120	68	70	PG	PEGMATITE mg cream	<1	0.8	25	255	0.26	42029
WQJC 120	70	72	PG	PEGMATITE mg cream	3	3.4	115	700	0.1	42029
WQJC 120	72	74	PG	PEGMATITE mg cream	3	0.3	25	145	1.2	42029

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Hole_ID	From	To	Lith	Comments	Au	Bi	Cu	Ni	MagS	ANUMBER
WQJC 120	74	76	PG	PEGMATITE mg cream hard	<1	0.3	5	90	0.67	42029
WQJC 120	76	78	PG	PEGMATITE mg cream hard	<1	0.3	5	60	0.67	42029
WQJC 121	0	2	Nalm	SAND mg alluvial granitic brown	2	0.6	15	20	3.53	42029
WQJC 121	2	4	Nalm	SAND mg alluvial granitic brown	<1	0.4	5	480	1.36	42029
WQJC 121	4	6	Nalm	SAND mg alluvial granitic brown	<1	0.6	15	25	0.43	42029
WQJC 121	6	8	Zm	sandyLATERITE pisolitic iron-rich brown	<1	3.8	15	40	0.88	42029
WQJC 121	8	10	Zm	LATERITE pisolitic iron-rich brown	<1	2.1	15	40	1	42029
WQJC 121	10	12	Zm	LATERITE pisolitic iron-rich brown	2	1.9	5	325	63.1	42029
WQJC 121	12	14	Zm	LATERITE pisolitic iron-rich brown	<1	1.3		405	77.3	42029
WQJC 121	14	16	Zm	LATERITE pisolitic iron-rich brown	<1	0.9	10	730	30.7	42029
WQJC 121	16	18	U	ULTRAMAFIC fg brown and green nodular	2	0.3	10	1150	5.79	42029
WQJC 121	18	20	U	ULTRAMAFIC fg yellow brown	<1	0.3	10	2150	5.25	42029
WQJC 121	20	22	U	ULTRAMAFIC fg yellow brown and green	<1	0.4	15	3200	5.46	42029
WQJC 121	22	24	U	ULTRAMAFIC fg yellow brown and green	<1	0.2	40	3600	6.18	42029
WQJC 121	24	26	U	ULTRAMAFIC fg brown and green	2	0.4	50	2850	5.82	42029
WQJC 121	26	28	U	ULTRAMAFIC fg brown and green	2	0.6	40	3650	9.53	42029
WQJC 121	28	30	U	ULTRAMAFIC fg brown	<1	0.3	20	1900	6.36	42029
WQJC 121	30	32	U	ULTRAMAFIC fg yellow brown	<1	0.3	15	1850	8.62	42029
WQJC 121	32	34	U	ULTRAMAFIC fg yellow brown	<1	0.6	10	2250	8.37	42029
WQJC 121	34	36	U	ULTRAMAFIC fg yellow brown	<1	0.1	5	2250	10.6	42029
WQJC 121	36	38	U	ULTRAMAFIC fg yellow brown	<1	0.1	5	2100	9.3	42029
WQJC 121	38	40	U	ULTRAMAFIC fg yellow brown	<1	0.2	10	2150	8.81	42029
WQJC 121	40	42	U	ULTRAMAFIC fg brown	<1	0.2	10	2150	7.74	42029
WQJC 121	42	44	U	ULTRAMAFIC fg brown	2	0.4	20	2200	7.82	42029
WQJC 121	44	46	U	ULTRAMAFIC fg brown	<1	0.3	10	2250	8.11	42029
WQJC 121	46	48	U	ULTRAMAFIC fg brown	<1	0.6	10	2100	6.89	42029
WQJC 121	48	50	U	ULTRAMAFIC fg brown	2	0.3	10	2000	13.2	42029
WQJC 121	50	52	U	ULTRAMAFIC fg brown	2	0.3	15	1850	8.65	42029
WQJC 121	52	54	U	ULTRAMAFIC fg brown	<1	0.2	10	1300	5.8	42029
WQJC 121	54	56	U	ULTRAMAFIC fg brown	2	0.1	10	1650	6.87	42029
WQJC 121	56	58	U	ULTRAMAFIC fg brown	1	1.1	20	1850	8.87	42029
WQJC 121	58	60	U	ULTRAMAFIC fg brown	11	0.5	20	1350	3.99	42029
WQJC 121	60	62	PG	PEGMATITE mg pale grey biotitic	2	1.1	10	295	1.08	42029
WQJC 121	62	64	PG	PEGMATITE mg pale grey biotitic	<1	0.3	5	170	1.57	42029
WQJC 121	64	66	PG	PEGMATITE mg pale grey biotitic	<1	0.1	10	115	2.01	42029
WQJC 121	66	68	PG	PEGMATITE mg pale grey biotitic	1	0.9	10	235	2.23	42029
WQJC 121	68	70	PG	PEGMATITE mg pale grey biotitic	<1	0.5	<5	130	1.63	42029
WQJC 122	0	2	Nalm	SAND mg alluvial granitic brown	<1	1.9	20	25	4	41691

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Hole_ID	From	To	Lith	Comments	Au	Bi	Cu	Ni	MagS	ANUMBER
WQJC 122	2	4	Nalm	SAND mg alluvial granitic brown	1	1.9	20	90	2.39	41691
WQJC 122	4	6	Nalm	SAND mg alluvial granitic brown	2	4.1	20	45	1.81	41691
WQJC 122	6	8	Zm	LATERITE pisolitic iron-rich brown sandy	<1	3	15	100	5.08	41691
WQJC 122	8	10	Zm	LATERITE pisolitic iron-rich brown	4	2.2	10	290	46.2	41691
WQJC 122	10	12	Zm	LATERITE pisolitic iron-rich brown	2	0.7	10	465	2.31	41691
WQJC 122	12	14	Zm	LATERITE pisolitic iron-rich brown	2	0.8	5	405	2.04	41691
WQJC 122	14	16	Zm	LATERITE pisolitic iron-rich brown	1	0.8	5	450	1.66	41691
WQJC 122	16	18	U	ULTRAMAFIC fg brown iron-rich	2	0.7	10	740	2.5	41691
WQJC 122	18	20	U	ULTRAMAFIC fg brown iron-rich	2	0.8	10	850	0.74	41691
WQJC 122	20	22	U	ULTRAMAFIC fg brown	2	0.6	10	920	0.49	41691
WQJC 122	22	24	U	ULTRAMAFIC fg pale brown	2	0.4	10	890	0.56	41691
WQJC 122	24	26	U	ULTRAMAFIC fg yellow brown	1	0.4	10	1100	0.98	41691
WQJC 122	26	28	U	ULTRAMAFIC fg brown	9	<0.1	10	1900	3.75	41691
WQJC 122	28	30	U	ULTRAMAFIC fg yellow brown	1	0.3	5	2350	7.9	41691
WQJC 122	30	32	U	ULTRAMAFIC fg yellow brown	<1	0.2	5	3050	6.31	41691
WQJC 122	32	34	U	ULTRAMAFIC fg yellow brown	<1	0.2	5	3600	2.5	41691
WQJC 122	34	36	U	ULTRAMAFIC fg yellow brown	<1	0.2	5	2850	4.33	41691
WQJC 122	36	38	U	ULTRAMAFIC fg yellow brown	3	0.2	5	3200	3.02	41691
WQJC 122	38	40	U	ULTRAMAFIC fg grey brown	<1	<0.1	5	2700	6.58	41691
WQJC 122	40	42	U	ULTRAMAFIC fg brown	<1	<0.1	5	1950	3.27	41691
WQJC 122	42	44	U	ULTRAMAFIC fg brown	<1	0.4	5	1750	5.71	41691
WQJC 122	44	46	U	ULTRAMAFIC fg brown	<1	0.3	5	1550	4.53	41691
WQJC 122	46	48	U	ULTRAMAFIC fg brown	<1	0.1	<5	1500	5.24	41691
WQJC 122	48	50	U	ULTRAMAFIC fg brown	<1	1	<5	1450	7.24	41691
WQJC 122	50	52	U	ULTRAMAFIC fg brown	<1	0.6	<5	1450	6.4	41691
WQJC 122	52	54	U	ULTRAMAFIC fg brown	<1	0.1	10	1950	4.52	41691
WQJC 122	54	56	U	ULTRAMAFIC fg brown	<1	<0.1	<5	1500	5.27	41691
WQJC 122	56	58	U	ULTRAMAFIC fg brown	<1	0.2	<5	1700	4.61	41691
WQJC 122	58	60	U	ULTRAMAFIC fg brown	<1	<0.1	10	1350	6.62	41691
WQJC 122	60	62	U	ULTRAMAFIC fg brown	<1	0.8	10	1300	6.62	41691
WQJC 122	62	64	U	ULTRAMAFIC fg brown	<1	0.5	15	1350	4.7	41691
WQJC 122	64	66	U	ULTRAMAFIC fg black, hard	<1	0.6	20	1350	10.5	41691
WQJC 122	66	68	U	ULTRAMAFIC fg black, hard	1	0.2	10	1300	14.9	41691

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APPENDIX 3 - HISTORICAL SAMPLE LOCATIONS AND RESULTS, E59/2175

No.	Au	Ag	Pt	Pd	Ni	Cr	As	Cu	Description
22	.014		.032		2150	3150		11	Banded Ultramafic
12					1500	4000			Altered Ultramafic
13	.009		.007	.002	1350	4400			Altered Ultramafic
14			-		150	4.0%`			Silicified Ultramafic
16			.018		700	4450			Tremolite
17			.016	.010	1050	270			Pisolite
21					—	—			Altered Ultramafic
23	.001				—	-		16	Laterite
24			—	.001	270	900			Silicified Ultramafic
30			.010	-	2900	5000			Serpentinite
31					1800	1600			Serpentised Ultramafic
5	.002							16	Surface Laterite
6	. 39							16	Chert, Quartz Veins
18	. 004							15	
ANT.	,001		.003	-				16	
WH—O72	.04	-					5		
WH—1O1	.02	-					—		
WH-102	-	-					5		
WH-103	. 04	.60					-		Chert
11	.007		.016	.008					
B-2	.003		. 011	.005					(RH) Stream Soil Sample
B—3	.002		.001	—					(RH) Stream Soil Sample
B-8	.001		.0005	-					(WH) Stream Soil Sample
B—9	.003		.0035	.003					(WH) Stream Soil Sample

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APPENDIX 4 – DESCRIPTIVE STATISTICS MMI GEOCHEMISTRY

Element	Mean	Std. Dev.	Std. Error	Count	Minimum	Maximum	# Missing
Ag	1.568	1.091	0.061	317	0.5	7	0
Al	18.404	14.136	0.794	317	2	83	0
As	6.215	2.731	0.153	317	5	20	0
Au	0.08	0.051	0.003	317	0.05	0.3	0
Bi	0.502	0.028	0.002	317	0.5	1	0
Ca	129.855	81.164	4.559	317	0.5	410	0
Cd	1.552	1.406	0.079	317	0.5	9	0
Ce	1877.539	1132.483	63.607	317	81	7170	0
Co	56.716	70.283	3.947	317	2.5	517	0
Cr	50.315	3.965	0.223	317	50	100	0
Cs	6.586	3	0.169	317	0.25	16.9	0
Cu	469.558	158.914	8.925	317	40	1010	0
Dy	186.139	75.678	4.25	317	33	518	0
Er	85.682	36.84	2.069	317	13.9	263	0
Eu	57.268	21.883	1.229	317	8.8	140	0
Fe	4.254	7.086	0.398	317	0.5	64	0
Ga	24.429	10.901	0.612	317	3	73	0
Gd	338.773	135.24	7.596	317	60	889	0
Hg	0.544	0.172	0.01	317	0.5	2	0
In	2.5	0	0	317	2.5	2.5	0
K	77.842	30.72	1.725	317	21.2	273	0
La	864.356	449.968	25.273	317	138	3120	0
Li	2.61	0.903	0.051	317	2.5	13	0
Mg	46.14	35.977	2.021	317	0.5	209	0
Mn	2387.603	2991.343	168.011	317	300	24300	0
Mo	9.897	9.381	0.527	317	2.5	57	0
Nb	0.33	0.387	0.022	317	0.25	4.6	0
Nd	1493.129	582.981	32.743	317	229	3590	0
Ni	108.126	63.131	3.546	317	10	397	0
P	0.28	0.191	0.011	317	0.05	1.6	0
Pb	212.651	153.804	8.638	317	0.5	910	0
Pd	0.5	0	0	317	0.5	0.5	0
Pr	343.83	142.344	7.995	317	49	955	0
Pt	0.5	0	0	317	0.5	0.5	0
Rb	325.325	67.08	3.768	317	95	525	0

Element	Mean	Std. Dev.	Std. Error	Count	Minimum	Maximum	# Missing
Sb	0.5	0	0	317	0.5	0.5	0
Sc	142.057	116.492	6.543	317	6	494	0
Sm	285.628	109.256	6.136	317	46	693	0
Sn	0.53	0.21	0.012	317	0.5	3	0
Sr	792.05	522.976	29.373	317	30	2530	0
Ta	0.503	0.04	0.002	317	0.5	1	0
Tb	43.902	17.613	0.989	317	7	118	0
Te	5	0	0	317	5	5	0
Th	263.004	102.414	5.752	317	16.7	560	0
Ti	58.943	116.399	6.538	317	9	1180	0
Tl	1.163	0.541	0.03	317	0.5	4.2	0
U	198.17	76.713	4.309	317	65	458	0
W	0.539	0.18	0.01	317	0.5	2	0
Y	872.492	402.453	22.604	317	122	2850	0
Yb	56.801	26.18	1.47	317	9	178	0
Zn	61.735	57.444	3.226	317	10	380	0
Zr	14.565	17.687	0.993	317	2.5	107	0

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JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised 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 pulverised 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 (eg submarine nodules) may warrant disclosure of detailed information.*	• The MMI testing program consisted of 317 samples collected across 29 lines of variable lengths and mostly off 50m centres on 100m spaced lines across 2 target zones. Locally, particularly in Zone 3, broader spaced sampling on 100 x 100m centres were taken. The sampling grids were oriented generally east-west, but some were oriented north-south. No orientation work was completed prior to initiating the survey. • MMI samples were collected as 300 grams of material sieved to -4mm. At each site, the top 10cm of surface soil was scraped away. The sample was taken as a cross-section between 10 and 25cm down using a plastic scoop. The samples were submitted to SGS Australia Pty Ltd for MMI-M assay. • Details of all sample locations and results are included in the supporting documentation. • The RC drilling occurred on two lines either side of a magnetic target (M22). Drilling penetrated the weathered rock and stop mostly before the fresh rock was achieved. Sampling was undertaken as two metre composites. Drilling was on 50m centres. • No information on the method of collection of the rock chips was provided. The work dates to 1980's. The original tenements lie within the boundaries of the Mac Well tenure. Their results offer supporting information that warrant further investigation.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	• Reverse circulation - no other information provided • Holes oriented -60°E

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Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise 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.*	• No assessment of the sample recoveries provided • Reconnaissance style exploration – not for resource estimation • No QaQc information provided
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, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill and rock chip samples lithologically logged • Results at the reconnaissance level and not for incorporation in any resource estimate • The report drill holes were logged through their entire length (100%)
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, 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 maximise 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.*	• No diamond core drilled • No sampling parameters other than interval provided. • No QAQC data provided
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*	• The MMI-M partial leach is designed specifically for environments like that found at Mac Well. • A magnetic-susceptibility meter was used on drill spoils in the WMC drilling. The brand and model weren't reported. • No laboratory information or QAQC information is available for either the historical drilling or for the historical rock chips

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Criteria	JORC Code explanation	Commentary
	derivation, etc. • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Reconnaissance level work, no audit or confirmation work necessary. • Primary methods of data capture not reported • No adjustments to the raw data from any sampling were made
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• MMI and Drill Hole locations were located using GPS • The control base for rock chip work was not mentioned. • Drilling used AMG88 • MMI used GDA94 • Topographic control is not critical for the work involved
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.*	• Drilling utilized 50m centres with an average hole depth of 60m creating overlapping fences on two lines several hundred metres apart. • Exploration level work, not for resource estimation. • Drill sampling was completed as two metre composites • MMI samples were mostly on 50m centres x100m line spacing; locally 100m centres x 100m line spacing • No compositing was applied to MMI samples
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.*	• Drilling and MMI grids were mostly perpendicular to underlying geological trends • No bias is expected within any dataset
Sample security	• *The measures taken to ensure sample security.*	• Nothing is known of the historical sampling efforts • MMI samples were bagged and tagged by the same people that carried the samples and delivered to the laboratory for analysis

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Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been performed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or 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 known impediments to obtaining a licence to operate in the area.*	• The Mac Well Project (E59/2175) covers a land area of 66.9km^2 and is located 10km west of the Company's Dalgaranga Project and adjacent to a recent exploration application by Rio Tinto Exploration Pty Ltd • The Mac Well Property is 100% owned by Krakatoa Resources Limited
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Lag and soil geochemistry were respectively completed by WMC and Equigold. Both companies completed limited RC drilling • Magnetics and VTEM were flown respectively by WMC and Bxton Resources • The outcomes and the results are discussed within the body of the report
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mac Well has the potential for lateritic nickel-cobalt, lode and/or shear-hosted gold, and lithium and REE mineralisation associated with pegmatoids. Some potential for nickel sulphide mineralisation exists • Typical Archaean granite-greenstone setting where pegmatite has invaded the greenstones adjacent to large granitic plutons • The margins and internal to the greenstones are commonly sheared and invaded by quartz veins that are potentially gold mineralised
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*	• The pertinent information is provided within the body of the report or in the appendices • No RL data is provided or is assumed • Holes were inclined to the east at -60°

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Criteria	JORC Code explanation	Commentary
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the 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.*	• The drilling was for exploration purposes and not for inclusion in any resource estimate
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/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 modifications of the data have been employed • A simple additive indices procedure has been applied to the MMI data, whereby target and key pathfinder elements for the different target styles of mineralisation are reviewed and added cumulatively and the results plotted • The purpose of using additive indices is to smooth the data and to clarify trends and areas of enrichment
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 should be a clear statement to this effect (eg 'down hole length, true width not known').*	• First pass exploration to determine if further exploration is warranted • Pertinent information is carried within the report or in the appendices.
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 appropriate sectional views.*	• Contained within the report
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 practiced to avoid misleading reporting of Exploration Results.*	• All the reported drilling and MMI results are carried in the report or appendices. • Reported results are relative and based on the additive indices not the individual responses.

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Criteria	JORC Code explanation	Commentary
		• The results of the additive indices are reviewed in the context of the underlying geology/magnetics, etc. and conclusions drawn
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 pertinent information is included within the report
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or 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.*	• Further MMI sampling across the identified VTEM conductors • Further MMI across the full extent of the ultramafic rock • RAB drilling across the demagnetized zoned outlined in the magnetics and which provides a strong multielement response in the MMI