krakatoa resources limited
ABN 39 155 231 575

KRAKATOA RESOURCES LTD

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

16 October 2018

Exploration Update: Corkill-Lawson Property, Canada

- ***Eleven VTEM targets prospective for Ag-Co-Ni mineralisation investigated noting the presence of key alteration mineralogy and elevated base metal values***
- ***The targets mostly extend along 3.2 km of strike of the target host Nipissing Diabase***
- ***All prior drill collars located, including HCL0701 which included 2393g/t Ag, 0.31% Co and 0.46% Cu over 0.41m from 100.15m[1]***

Krakatoa Resources Limited (ASX: KTA) ('Krakatoa' or 'the Company'), a diversified Australian mineral explorer, is pleased to provide an exploration update on its 100% owned Corkill-Lawson Property, located approximately 15 km southeast of Gowganda, Ontario, Canada.

On 2 July 2018, the Company announced the identification of 11 targets prospective for silver-cobalt-nickel mineralisation based on reprocessing versatile time electromagnetic (VTEM) and ground induced polarisation (IP) data (see ASX: KTA, Geophysics reprocessing defines multiple Ag-Co-Ni targets at Corkill-Lawson). The interpreted targets lie within or immediately adjacent to the confirmed 3.2km of strike of Nipissing Diabase sill covered by the claim block.

In its maiden field program, KTA engaged Canadian Exploration Services Ltd to investigate the 11 target areas for potential mineralisation and validate the historical exploration by locating the collars to previously drilled holes.

Seven rock samples were collected when outcrop was present. These were noted to contain chalcopyrite and aplite, which may indicate proximal mineralisation. Additionally, a preliminary soil sampling program was completed where no outcrop was present, with several indicating elevated base metal values (refer to table 1).

1 Refer to announcement dated 5 April 2018 and titled "KTA acquires cobalt-silver claims in Cobalt Camp, Ontario"

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BACKGROUND

The Corkill-Lawson Property is in the Corkill and Lawson Townships within the Larder Lake Mining Division, approximately 15 km southeast of Gowganda in southern Ontario, Canada. The claim blocks lie ~73km's west-northwest of Cobalt and ~600kms north-northwest of Toronto.

The geology of the property was described previously as comprising two Proterozoic rock formations, the Lorrain and Gowganda, which form the Huronian Supergroup that occupies the 75 km wide Huronian sedimentary basin. The basin consists of arkoses and quartzites from the Lorrain Formation. Below this formation are the Gowganda Formation conglomerates, arkoses, and argillites.

Within the Proterozoic sediments are north-south trending Nipissing diabase intrusions, such as dykes, basin-shaped cone sheets or undulating sheet-like intrusions. They mainly consist of quartz diabase with local areas of granophyre near sill tops. These are also known to intrude the underlying Archaean-aged basement rocks.

The Nipissing Diabase is a known host for native silver and cobalt, which is associated with cobalt-nickel-iron arsenides in carbonate-filled fissure veins. These veins are commonly associated with aplite dykes. At Gowganda, silver-cobalt mineralisation is intimately linked to the sills.

The prospecting areas are located within the Nipissing diabase intrusive contact, which consists of quartz diabase and granophyre ("red rock") according to the Geological Report 89[1].

Within the claim area, a thick blanket of cover (averaging 30m) obscures much of the prospective Nipissing Diabase impeding exploration.

RESULTS

Eleven exploration targets were interpreted by reprocessing the historical geophysical surveys. Each target was prospected for outcrop and/or reason for the anomaly. Rock chips were taken where outcrop was identified or soil samples collected where not, with five samples in a perpendicular cross across the target area (Figure 1). Samples were collected in the soil "B" horizon.

Three soil samples generated slightly elevated base metal values (Table 1). These samples were 71423, 106093 and 106076 and were located on Areas 6, 7 and 10 respectively. The areas are located near but not related to the historical drilling located within the project area. The results may indicate favourable base metal mineralisation lies near these sample locations.

[1] McILWAINE, W. H. 1971. Geology of Leith, Charters, and Corkill Townships District of Timiskaming; Ontario Geological Survey, Geological Report 89, 53p.

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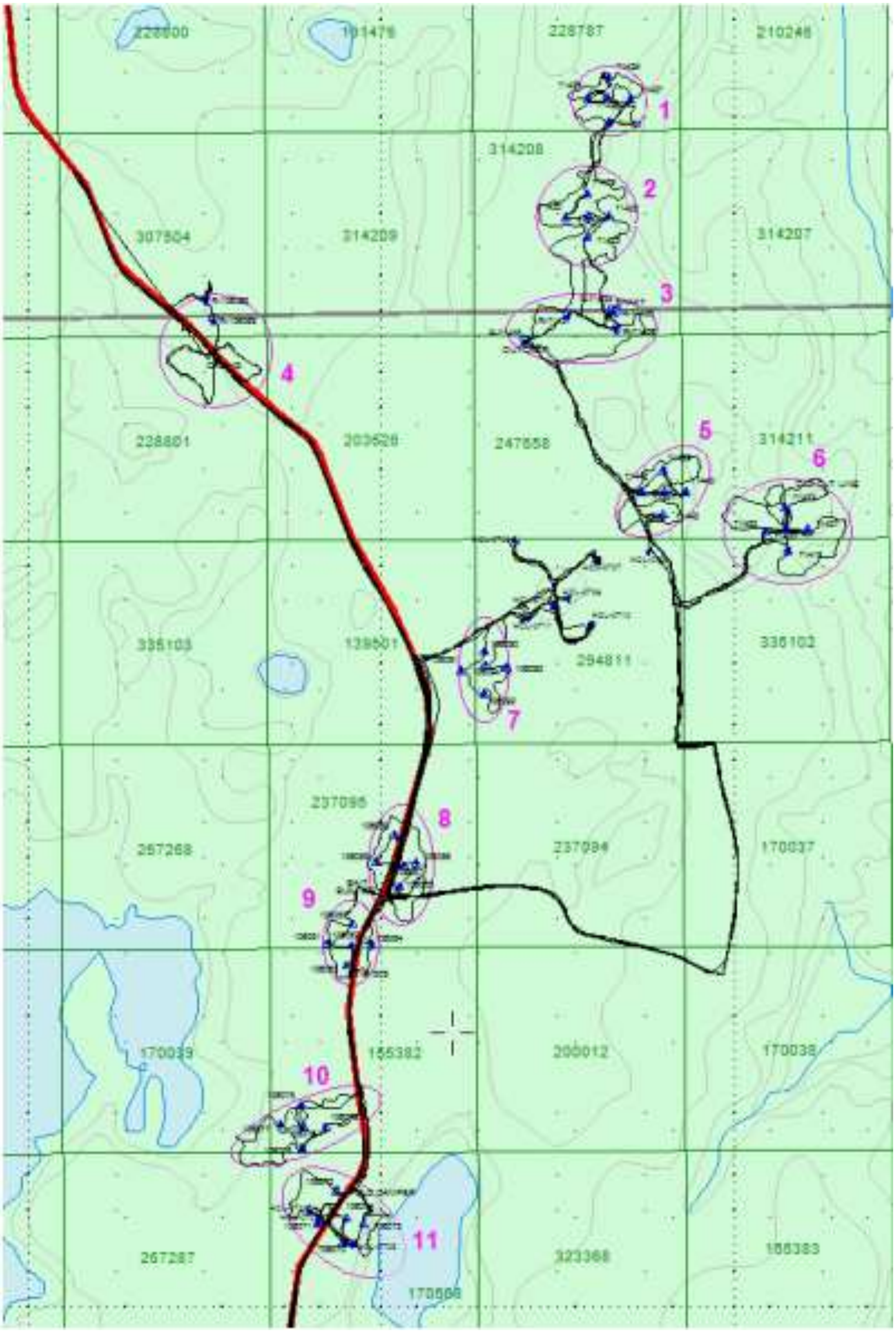

Figure 1 - Complete prospecting traverses with targets. Note targets numbers differ to those as documented and prioritised in the July 2 announcement. The numbering above was for planning purposes only.

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Table 1 – Soil and rock geochemistry by target

Sample	Target	Au ppm	Ag ppm	As ppm	Co ppm	Cu ppm	Ni ppm	Pd ppm	Pt ppm	Zn ppm
71419	6	0.0009	0.077	2.18	5.45	8.7	17.9	<0.001	<0.002	33
71420	6	<0.0002	0.083	1.29	4.04	5.66	9.79	<0.001	<0.002	14.8
71421	6	0.0021	0.067	0.7	2.23	2.17	6.42	<0.001	<0.002	11.3
71422	6	0.0019	0.046	1.28	3.64	4.41	8.45	<0.001	<0.002	18.5
71423	6	0.0007	0.084	2.16	7.6	16.45	23.2	<0.001	<0.002	18.6
71424	1	0.0007	0.023	2.43	4.15	7.25	9.95	<0.001	<0.002	10.4
71425	1	0.0004	0.046	0.78	2.37	3.97	5.85	<0.001	<0.002	13.6
71426	1	0.0002	0.053	1.78	4.5	7.25	10.8	<0.001	<0.002	36.4
71427	1	0.0002	0.021	2.02	6.14	9.1	15.75	<0.001	<0.002	24.7
71428	1	<0.0002	0.075	0.98	2.97	4.54	8.11	<0.001	<0.002	43.2
71429	2	<0.0002	0.031	0.76	0.778	1.39	2.1	<0.001	<0.002	3.7
71430	2	0.0005	0.07	2.3	5.86	10.2	18.95	<0.001	<0.002	49.9
71431	2	0.0002	0.046	0.85	2.13	3.76	3.32	<0.001	<0.002	15.7
71432	2	0.0002	0.048	1.39	3.68	6.53	8.29	<0.001	<0.002	39.6
71433	2	0.0002	0.062	1.96	3.31	5.25	8.32	<0.001	<0.002	50.5
71439	5	<0.0002	0.047	1.77	5.15	4.51	15.5	<0.001	<0.002	31
71440	5	0.0005	0.052	0.88	3.94	7.64	11.35	<0.001	<0.002	31.4
71441	5	0.0006	0.11	1.81	3.72	6.55	8.75	<0.001	<0.002	34.2
71442	5	0.0003	0.086	1.93	3.66	6.3	11.2	<0.001	<0.002	24.8
71443	5	0.0002	0.034	1.77	1.235	2.82	4.15	<0.001	<0.002	11.1
106070	11	0.0002	0.005	1.4	2.52	2.91	5.39	<0.001	<0.002	6.6
106071	11	0.0003	0.076	1.67	4.77	7.94	15.75	<0.001	<0.002	35.1
106072	11	0.0002	0.095	1.91	4.39	5.71	11.85	<0.001	<0.002	31.4
106073	11	<0.0002	0.016	1.45	3.33	3.98	10.8	<0.001	<0.002	9.3
106074	11	<0.0002	0.036	1.29	4.84	4.48	12.3	<0.001	<0.002	17.7
106075	10	0.0006	0.053	1.24	4.51	5.51	13.85	<0.001	<0.002	16.8
106076	10	<0.0002	0.036	2.37	7.59	22.1	22.2	0.001	<0.002	11.4
106077	10	0.0014	0.046	2.63	4.79	7.24	13.15	<0.001	<0.002	18.5
106078	10	0.0004	0.058	1.35	4.63	4.11	12.55	<0.001	<0.002	18.3
106079	10	0.0004	0.036	1.58	5.39	6.45	14.6	<0.001	<0.002	18
106080	9	0.0003	0.055	1.16	4.49	3.47	14.05	<0.001	<0.002	16.5
106081	9	0.0005	0.072	0.84	2.71	3.11	8.55	<0.001	<0.002	18.5
106082	9	0.0004	0.107	1.57	3.88	10.35	11.25	<0.001	<0.002	19.6
106083	9	0.0004	0.129	2.91	5.64	12.25	15.45	<0.001	<0.002	32.9
106084	9	0.0002	0.038	2.16	3.56	6.93	12.55	<0.001	<0.002	20.1

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Sample	Target	Au ppm	Ag ppm	As ppm	Co ppm	Cu ppm	Ni ppm	Pd ppm	Pt ppm	Zn ppm
106085	8	<0.0002	0.02	1.06	4.14	4.73	12.3	<0.001	<0.002	11.5
106086	8	0.001	0.021	1.86	2.93	4.97	9	0.001	<0.002	9.9
106087	8	0.0003	0.031	1.37	4.64	3.78	12.45	<0.001	<0.002	16.8
106088	8	0.0002	0.049	0.96	4.09	4.39	10.9	<0.001	<0.002	10.4
106089	8	<0.0002	0.049	0.82	2.74	2.47	7.04	<0.001	<0.002	8.1
106090	7	0.001	0.047	1.6	4.42	5.78	12.65	<0.001	<0.002	16
106091	7	0.0003	0.124	2.12	4.77	8.96	12.5	<0.001	<0.002	32.7
106092	7	0.0004	0.093	1.59	5.11	8.33	12.35	<0.001	<0.002	14.1
106093	7	0.0004	0.198	2.94	12.05	17.35	21.7	<0.001	<0.002	36.7
106094	7	0.0002	0.08	1.54	5.07	7.32	16.65	<0.001	<0.002	52
71434	3	0.0012	1.08	40.5	39.4	80	11.65	0.002	0.003	79
71435	3	0.0016	1.63	34.1	37.4	94.2	14.8	0.001	0.002	70.4
71436	3	0.0015	1.7	26.2	42	183.5	18.6	0.002	<0.002	140
71437	3	0.0003	0.377	18.1	24.4	23.2	0.95	<0.001	<0.002	78.2
71438	3	0.0005	0.125	7.08	28.8	138.5	21.4	0.002	<0.002	79.7
106068	4	0.0004	0.007	0.87	5.84	13.8	7.09	<0.001	<0.002	36.2
106069	4	0.0056	0.226	1.81	23.1	142.5	37	0.012	0.008	83.9

All samples were shipped to ALS Laboratories in Sudbury, Ontario for multi-element analysis.

Two rock samples (106068 and 106069) were collected at Target 4. Minor chalcopyrite was observed in the porphyry sample (106068). The second sample represented fine-grained Nipissing Diabase (sample 106069), which is probably representative of a chilled margin. Also, a capped drill casing labelled CL-0701 was located on Target 4 at 529025E and 5269546N. No documentation for this diamond drill hole has been located.

A small historical exploration shaft was identified on Target 3. Examination of the shaft and muck-pile showed the presence of aplite, a characteristic alteration product for the mineralisation-style being targeted. It did not indicate a physical source for the geophysical anomaly. However, the Company is encouraged by the presence of key alteration mineralogy and the weak base metal geochemical soil anomaly on Target 3 which may support the presence of nearby mineralisation.

The remaining targets offered no direct explanation for the interpreted anomaly, and each requires further consideration which will be the subject of future work. This work may involve further soil geochemistry using partial or selective extractions and ground IP.

Capped collars for the prior drilling were confirmed, and GPS coordinates recorded (Figure 2; Table 2).

Table 2 – Identified drill collars

Drill Hole	X	Y
CL-07-01	529025	5269546
HCL-0701	529259	5267601
HCL-0704	529240	5267614
HCL-0705	529337	5267540
HCL-0706	530006	5269112
HCL-0707	529886	5269090
HCL-0708	529824	5269007
HCL-0709	529701	5269140
HCL-0710	529790	5268991
HCL-0711	529732	5268961
HCL-0712	529874	5268949

Figure 2 – Field Image of an identified collar: Drill Hole HCL-0708

FOR FURTHER INFORMATION:

Colin Locke

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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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.*	• Five (5) soil samples per target were collected in a regular cross pattern over each target, which are distributed along the north-trending 3.2 km length of Nipissing Diabase captured by the claim block. • The spacing between the crosslines were variable but the shape as constant as possible. • Soils were collected in the 'B' horizon.
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).*	• No drilling performed
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*	• No drilling performed

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Criteria	JORC Code explanation	Commentary
	loss/gain of fine/coarse material.	
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.*	• Rock chip samples were lithologically logged and several sample have been taken for petrology • Results were at the reconnaissance level and not for incorporation in any resource estimate
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 QAQC data collected
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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples were submitted to ALS in Sudbury, Ontario for multielement analysis via the Supertrace analysis method, ME-MS41L, which is the application of standard aqua regia digestion to a standard soil sample. • The reliability of the technique for the environment encountered is uncertain, as it is near-total digestion. • No laboratory information or QAQC information has been provided to the author.
Verification of sampling	• *The verification of significant intersections by either independent or alternative company personnel.*	• Reconnaissance level work, no audit or confirmation work necessary. • Primary methods of data capture not reported

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Criteria	JORC Code explanation	Commentary
and assaying	• *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.*	• 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.*	• Soil, rock and historical drill hole collar locations were located using GPS • All used UTM Zone 17T • 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.*	• Work was strictly reconnaissance by nature. • Exploration level work, not for resource estimation. • Soil samples were at the extremes of a perpendicular cross, oriented north-south. Spacings between the extremes of the crosses were consistent with the extents of the underlying interpreted geophysical target
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.*	• Soil grids paralleled and were perpendicular to underlying geological trends, i.e. cross-shaped. • No bias is expected within any dataset, as the work is preliminary.
Sample security	• *The measures taken to ensure sample security.*	• Soil and rock samples were bagged and tagged by the same people that carried the samples and delivered to the laboratory for analysis
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.*	• KTA purchased the Corkill-Lawson property through its 100% owned Canadian subsidiary, 2634501 Ontario Limited, in May 2018. • No encumbrances or impediments reported
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historical work was reported on the previous announcement, as documented within the body of the text
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The silver-cobalt deposits of Gowganda occur within fracture-fill type carbonate veins. The veins occur within the Nipissing Diabase that have intruded Archaean metavolcanic rocks and the unconformably overlying metasedimentary rocks of the Gowganda Formation. The vein systems are mostly fault controlled with the mineralisation occurring adjacent to or within the diabase sill. The veins tend to be vertical to sub-vertical, narrow and somewhat discontinuous, but very very high grade.
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) 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*	• No drilling performed • Historical drill collars were confirmed and picked by GPS

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Criteria	JORC Code explanation	Commentary
	the understanding of the report, the Competent Person should clearly explain why this is the case.	
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 aggregation methods 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 results are carried in the report
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*	• Regular spaced reconnaissance soil lines perpendicular to strike of

Criteria	JORC Code explanation	Commentary
	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.*	the Nipissing Diabase and the long axis of the claim block, designed to intersect as many of the interpreted geophysical targets as possible. • Applied technique will be a subtle partial or selective, such as Ionic or MMI geochemsitry • Ground IP and/or EM to improve resolution of the targets