



29 July 2019

June 2019 Quarterly Activities Report

Krakatoa Resources Limited (ASX: **KTA**) (“**Krakatoa**” or the “**Company**”) is pleased to provide the following summary of activities conducted in the June 2019 quarter.

Mt Clere Project

During the June 2019 quarter, the Company obtained a 100% interest in the Mt Clere Rare Earth Project (E52/3720 and E52/3722) via direct licence application, subject to grant. The Project is located approximately 200km northwest of Meekatharra, in Western Australia. Access from Meekatharra is northwest along the unsealed road to Mt Augustus via Mt Gould and Errabiddy and Erong Springs stations. Unsealed tracks and pastoral station fence tracks provide access within the project area.

The Project contains multiple targets, including REE and thorium in enriched monazite sands, REE ion adsorption on clays within the widely preserved deeply weathered lateritic profiles and lastly REE occurring in plausible carbonatites associated with alkaline magmatism

From 1995, exploration programs were completed by BHP, Astro Mining NL, and All Star Resources Plc, all of which delineated numerous prospective areas for thorium and rare earth element mineralisation (refer to ASX announcement dated 19 June 2019).

BHP

Between 1985-1987, a comprehensive programme of stream sediment sampling, heavy mineral sampling and mineralogical analysis across the eastern portion of the Mt Clere Rare Earth Project, targeting Pb-Zn-Ag mineralisation similar to that found at Broken Hill.

The ample presence of monazite in pan concentrates, with grades exceeding 50%, was confirmed in greater than 20% of the 176 samples and 47.4% of the samples returned a relative abundance exceeding 30% monazite.

The anomalous samples have not been investigated further, nor has the REE distribution within the monazite been assessed. The samples also report varying levels of ilmenite and zircon.

Petrographic analysis of 20 samples sites across the Project area also confirmed the accessory occurrences of Allanite and Titanite, which are indicative of REE prospectivity.

Astro Mining NL

Between 2005 and 2006, Astro Mining explored the western portion of the Mt Clere Rare Earth Project for diamonds. Nineteen discrete, primitive, alkaline lamprophyres were located during their search, which involved stream sediment sampling and geological surveys.

Though no micro-diamonds were recovered by Astro, grain counts of mineral species in selected samples of heavy mineral concentrates produced extraordinarily high monazite (up to 48%) and very high zircon (up to 60%), ilmenite (up to 29%) and leucoxene (up to 20%). The results independently validate the thorium and REE prospectivity latent in the Project.

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All Star Minerals Plc

All Star collected two large samples of alluvium in 2006 to produce a heavy mineral concentrate. Each concentrate was sent for analysis and microscopic mineral examination at Genalysis Laboratory Services. The two samples respectively returned 3% and 2% monazite, as well as 1.4% zircon, 40% and 44% ilmenite, and 9.9% titanium. Rare earth elements, cerium and lanthanum, reported at 0.46% and to 0.25%, respectively.

Seventy-seven samples were collected at a maximum depth of 1.8 metres from auger drilling in 2007. Of the 77 auger regolith samples taken, 55 returned an encouraging grade of over 50 ppm cerium, 30 returned a grade of over 50 ppm lanthanum, and 17 returned a grade of over 200 ppm zircon. Thirty-three (33) samples graded over 30 ppm neodymium, with highs of 360 ppm, 103 ppm, 102 ppm, 95.9 ppm, 87.6 ppm, and 82.6 ppm. Whereas, sample EBA052 [506041 Z50E, 7184977 Z50N] recorded 320 ppm thorium, 660 ppm lanthanum, 37 ppm yttrium, 360 ppm neodymium, 112 ppm praseodymium, 43 ppm samarium. The results confirm the presence of monazite and other rare earths in the alluvium.

The Company has commenced the compilation of legacy data and reprocessing the existing geophysical datasets using modern approaches and enhancements. The work has resulted in a slight adjustment in project area to encapsulate anomalous ground. A reconnaissance field program is planned for the September 2019 quarter.

Mac Well Project

The Mac Well Project has a land area of 66.9km² and is located 10km west of the Company's Dalgaranga Project. The Project contains a 7.5km strike along the prospective Warda Warra greenstone belt, mostly untested due to a thick transported cover. The Company considers favourable structural conditions for gold mineralisation are likely within the Mac Well tenement, acknowledging the significance and prospectivity of the western granite-greenstone contact, as evidenced by the Western Queen Mine. In addition, WMC's historical gold prospectivity model for the Warda Warra Greenstone Belt identified the importance of northeast-trending lineaments, such as the Stewart and Western Queen Zones, as a critical control on gold mineralisation within the belt.

During the June 2019 quarter, the Company continued to review and prepare for a sampling program to test previously generated gold target zones through geophysics work.

Dalgaranga Project

The Dalgaranga Project is located 80km north-west of Mount Magnet in Western Australia and lies within the Dalgaranga Greenstone Belt. The Dalgaranga Greenstone Belt is about 50km long and up to 20km wide and contains gold mineralisation (Dalgaranga gold mine), a zinc deposit (Lasoda), graphite deposits, and occurrences of tantalum, beryllium, tin, tungsten, lithium and molybdenum related to pegmatites. The Company has concluded that the Dalgaranga Project is prospective for base metal mineralisation, as it lies along strike from the Lasoda VMS mineralisation, contains the right rocks (west of the knotted schists exposed in the open pit) and contains an EM conductor in the south of the property that is, in-turn, supported by coincident lead soil geochemistry.

No work was conducted on the Dalgaranga Project during the June 2019 quarter.

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Corkill-Lawson and Farr Projects

The Corkill-Lawson and Farr Projects are located in the Gowganda area of north-eastern Ontario and are prospective for cobalt-silver mineralisation. The Cobalt-Gowganda mining area (otherwise known as the Cobalt Camp) of Ontario is historically one of the most prolific cobalt and silver mining areas in the world.

No work was conducted on the Corkill-Lawson and Farr Projects during the June 2019 quarter.

Corporate

On 24 June 2019, the Company issued a total of 17,500,000 fully paid ordinary shares at an issue price of 2.2 cents pursuant to the Company's Listing Rule 7.1 capacity, to raise \$385,000 (before costs).

The Company reviewed a number of potential acquisition opportunities during the June 2019 quarter.

Yours faithfully,

Colin Locke
Executive Chairman

Competent person's statement:

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 for 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 - Details of Tenements Held at 30 June 2019

Project	Tenement Licence	Interest held at at 31 March 2019	Interest acquired/ disposed	Interest held at 30 June 2019
Mt Clere	E52/3720	-	-	-
Mt Clere	E52/3722	-	-	-
Dalgaranga	P59/2082	100%	-	100%
Dalgaranga	P59/2140	100%	-	100%
Dalgaranga	P59/2141	100%	-	100%
Dalgaranga	P59/2142	100%	-	100%
Mac Well	E59/2175	100%	-	100%
Farr	131986	100%	-	100%
Farr	131987	100%	-	100%
Farr	148579	100%	-	100%
Farr	162115	100%	-	100%
Farr	204704	100%	-	100%
Farr	233431	100%	-	100%
Farr	233432	100%	-	100%
Farr	251322	100%	-	100%
Farr	251323	100%	-	100%
Farr	300021	100%	-	100%
Farr	317324	100%	-	100%
Farr	330653	100%	-	100%
Corkill- Lawson	113077	100%	-	100%
Corkill- Lawson	127453	100%	-	100%
Corkill- Lawson	139501	100%	-	100%
Corkill- Lawson	155382	100%	-	100%
Corkill- Lawson	155383	100%	-	100%
Corkill- Lawson	170037	100%	-	100%
Corkill- Lawson	170038	100%	-	100%
Corkill- Lawson	170039	100%	-	100%
Corkill- Lawson	170568	100%	-	100%
Corkill- Lawson	191476	100%	-	100%
Corkill- Lawson	200011	100%	-	100%
Corkill- Lawson	200012	100%	-	100%
Corkill- Lawson	203607	100%	-	100%
Corkill- Lawson	203626	100%	-	100%
Corkill- Lawson	210246	100%	-	100%
Corkill- Lawson	228787	100%	-	100%
Corkill- Lawson	228800	100%	-	100%
Corkill- Lawson	228801	100%	-	100%
Corkill- Lawson	237094	100%	-	100%
Corkill- Lawson	237095	100%	-	100%
Corkill- Lawson	247658	100%	-	100%
Corkill- Lawson	267268	100%	-	100%
Corkill- Lawson	267287	100%	-	100%
Corkill- Lawson	267288	100%	-	100%
Corkill- Lawson	286779	100%	-	100%
Corkill- Lawson	294811	100%	-	100%
Corkill- Lawson	307478	100%	-	100%
Corkill- Lawson	307479	100%	-	100%
Corkill- Lawson	307480	100%	-	100%
Corkill- Lawson	307504	100%	-	100%
Corkill- Lawson	307505	100%	-	100%
Corkill- Lawson	314207	100%	-	100%
Corkill- Lawson	314208	100%	-	100%
Corkill- Lawson	314209	100%	-	100%
Corkill- Lawson	314210	100%	-	100%
Corkill- Lawson	314211	100%	-	100%
Corkill- Lawson	314212	100%	-	100%
Corkill- Lawson	323368	100%	-	100%
Corkill- Lawson	335102	100%	-	100%
Corkill- Lawson	335103	100%	-	100%

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