

26 September 2019

KTA targets Porphyry in Australia's Discovery Epicentre



Board:

Colin Locke (Exec. Chairman)

David Palumbo (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

135,000,000 Fully Paid Shares

75,000,000 Options @ 5c exp 31/07/21

12,000,000 Options @ 10c exp 24/10/20

10,893,878 Options @ 40c exp 12/12/19

ASX Codes:

KTA, KTAOC

Projects

Mt Clere (REE)

Dalgaranga (Ta-Li-Rb)

Mac Well (Be, Au)

Corkill-Lawson (Co-Ag)

- *Agreement reached to acquire a 100% interest in the Belgravia Project, located in the central part of the Molong Volcanic Belt (MVB), Lachlan Fold Belt, NSW*
- *Metal endowment in the Macquarie Arc, including the MVB, host approximately 59 Moz of gold including the world class Cadia deposits¹*
- *The Belgravia Project is highly prospective for:*
 - *Porphyry copper-gold systems akin to the Cadia Valley porphyry cluster and Alkane's Northern Molong Porphyry Project*
 - *High-grade gold skarn mineralisation similar to Junction Reefs*
- *Positioned in a tier-one mining jurisdiction:*
 - *Located between Newcrest Mining's Cadia Valley Mine and Alkane Resources' Northern Molong Porphyry Project*
 - *Adjacent to the Copper Hill porphyry Cu-Au deposit*
- *Exploration will focus on discovery of large tonnage, moderate grade Cu-Au porphyry and high grade Au ± Cu skarn deposit styles*
- *Currently, six Cu-Au targets identified within the project area, some share similarities to Cadia*
- *Stephen Woodham, founding director of LFB Resources—acquired by Alkane Resources, appointed as NSW Exploration Consultant*

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OVERVIEW

Krakatoa Resources Limited (“Krakatoa” or the “Company”) (ASX: KTA) is pleased to announce that it has entered a binding term sheet with Locksley Holdings Pty Ltd (“Locksley”) to acquire a 100% interest in Exploration licence 8153, comprising the Belgravia Project (“the Project”) and covering an area of 80km² (Figure 1).

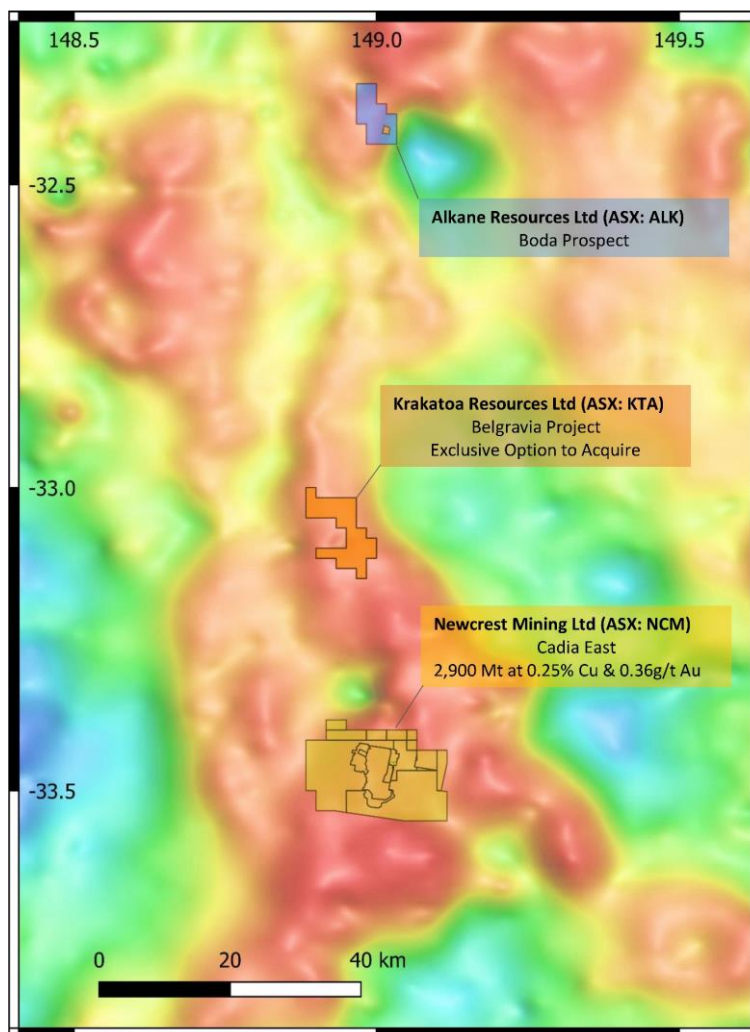


Figure 1 – Project Location over Gravity Map

The East Lachlan province, which hosts the Belgravia Project, also hosts major copper-gold mining operations with significant metal endowments such as Cadia East Underground (34Moz Au & 7.6Mt Cu total resource comprising entirely indicated resources of 2,900mt @ 0.36g/t Au & 0.25% Cu)², Cowal and Northparkes, as well as exploration and development projects including McPhillamys, Marsden, Temora, Copper Hill and Tomingley. **The region constitutes the largest porphyry province in Australia.**

The Project is located on the western margin of the Central Tablelands Region of NSW, 230km WNW of Sydney. The Project lies approximately 7km east from the town of Molong and around 20km NE of the major regional centre of Orange, providing excellent road, rail, power, gas and water infrastructure.

Terrain covering the Project is mostly undulating and mainly consists of open grazing land, providing excellent access. The Bell River passes through the northern and eastern parts of the licence.

PROJECT GEOLOGY

The Belgravia Project is located in the central part of the Molong Volcanic Belt (MVB), which forms as part of the East Lachlan province within the Lachlan Fold Belt. The MVB is a remnant of the disrupted Macquarie Arc, an island arc system composed predominantly of north-south trending, fault-bounded belts of andesitic lavas, tuffs and limestones, intruded by rare, stock-like monzonite, diorite, tonalite and dacite bodies from Ordovician to early Silurian times.

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The eastern, Oakdale Formation, and western, Fairbridge Volcanics, are the main components of the Ordovician arc present. Proximal volcanoclastic rocks and alkalic basalt dominate the Fairbridge Volcanics; whereas, the overlying Oakdale Formation consists of more distal volcanoclastic rocks and limestones. Unconformably overlying these rocks are Siluro-Devonian limestones and sandstones which onlap the Ordovician from the west. A veneer of Tertiary basalt and minor sediments up to 40m thick obscures most rocks. Remnants of a deeply weathered surface are locally preserved beneath the basalt.

MINERALISATION

Porphyry and related skarn mineralisation within the East Lachlan province is associated with the intermediate magmatism, which was followed by Silurian regional metamorphism and deposition of orogenic gold deposits. Contemporaneous VMS-style mineralisation resulted in deposits in intra-arc rift basins of the Macquarie Arc.

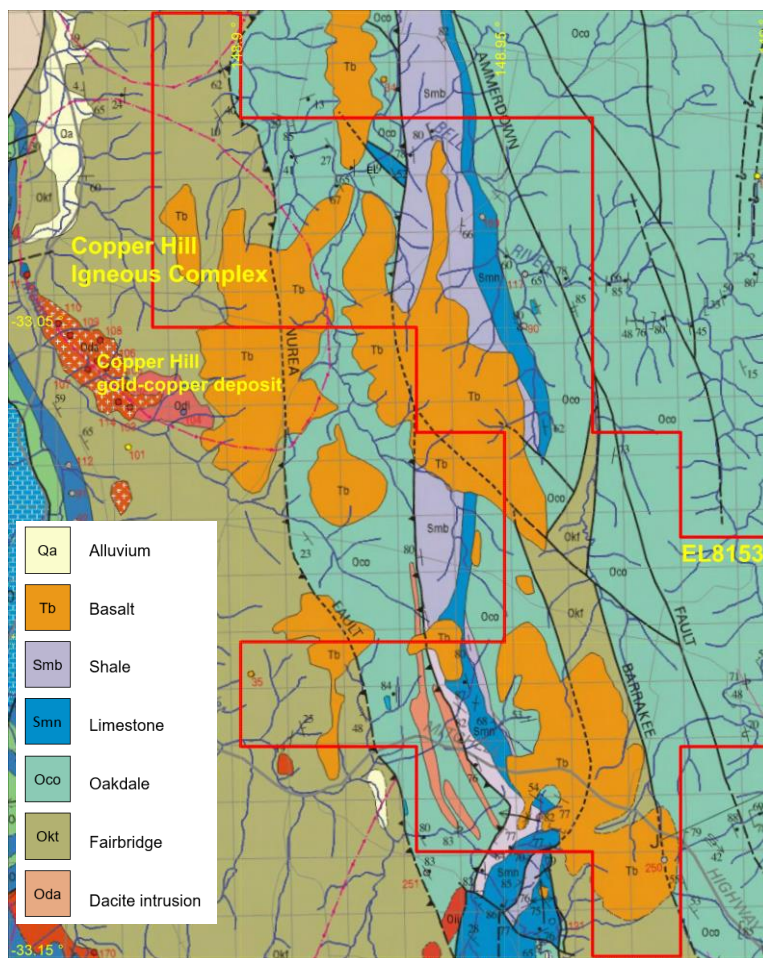


Figure 2 – Project Geology

Within the MVB, four major porphyry systems are identified:

- Cadia - Newcrest's Cadia Valley Operations (Cadia Hill, Ridgeway and Cadia East);
- Copper Hill, **which underlies the Belgravia Project**;
- Cargo; and
- Boda.

Belgravia contains parts of the Copper Hill Igneous Complex (CHIC), which locally hosts the Copper Hill deposit with a total resource of 87Mt @ 0.32g/t Au & 0.36% Cu comprising indicated resources of 47mt @ 0.39g/t Au & 0.4% Cu and inferred resources of 39mt @ 0.24g/t Au & 0.32% Cu, using a 0.2% copper cut-off grade (Figure 2)³. Like Cadia, emplacement of the CHIC was probably facilitated and localised by the development of a major NW to SE-trending dilational structural zone evident in magnetic data (Figure 3a).

Intrusions associated with key skarn and porphyry copper-gold deposits in the MVB are dominantly the Early Silurian shoshonitic intrusions and lavas, which display intense alteration and distinctive magnetic responses.

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The CHIC is comprised of appropriately aged and oriented intrusive rocks and shares many other geological similarities to the Cadia Intrusive Complex to which it is considered analogous.

Alkane Resources

The Belgravia Project sits along trend, approximately 70km south of Alkane's recent porphyry discovery.

On 9 September 2019, Alkane Resources Limited (ASX: ALK) announced "Discovery of Significant Porphyry Gold-Copper Mineralisation at Boda prospect within Northern Molong Porphyry Project (NSW)".

Alkane detailed significant gold-copper porphyry mineralisation intercepts and reported "clear evidence of Cadia-style mineralisation and grade over hundreds of metres", and that they are: "prioritising follow up drilling, seeking to determine the scale of this highly encouraging discovery".

The recent discovery success at Boda further increases the prospectivity of the MVB.

Cadia Valley

The Belgravia Project is located along trend, approximately 40km north of Newcrest Mining's world-class Cadia Valley Operations (CVO), which includes Cadia East, Ridgeway and Cadia Hill. Newcrest reports the Cadia East as having a total resource of 34Moz Au and 7.6Mt Cu comprising entirely indicated resources of 2,900mt @ 0.36g/t Au & 0.25% Cu².

The Cadia East mineralisation is divided into two broad overlapping zones: an upper, copper-rich, disseminated zone, and a deeper, gold-rich sheeted vein zone nearer the main monzonite porphyry bodies. The copper-rich portion is stratigraphically limited to the volcanoclastic unit. The gold-rich zone is centred on a core of steeply-dipping sheeted quartz-calcite-bornite-chalcopyrite veins. The known mineralised system (defined by a 0.1% Cu shell) extends approximately 2.5 kilometres east-west, 0.7 kilometres north-south and 1.8 kilometres vertically. Between 80 and 200 metres of post mineralisation sandstones overlie the deposit. Similarly, between 20-80m of Miocene cover and some 450m of the Ordovician host-rock sequence overlie the Ridgeway deposit.

Indeed, review of these and other projects within the East Lachlan province demonstrates that the known resources are confined to areas of outcrop or limited cover. They contrast with the Belgravia Project, which is mostly overlain by a blanket of Tertiary basalt up to 40m thick (Figure 3b; cyan colour). This blanket has served to obscure or mask completely geochemical signals from any underlying mineralisation and has greatly restricted historical exploration both within the project area and the adjacent districts. For example, at Belgravia the aggregate exploration metres drilled is 101.5m.

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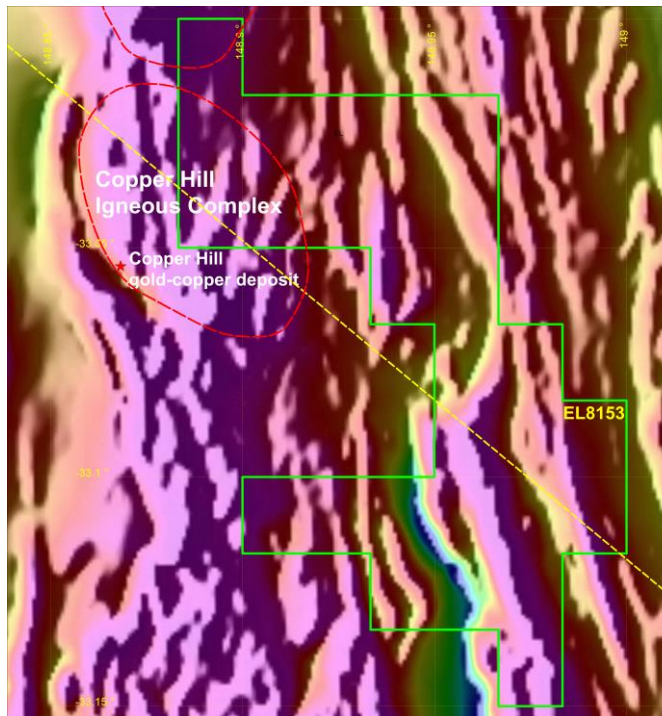


Figure 3a – TMI aeromagnetics

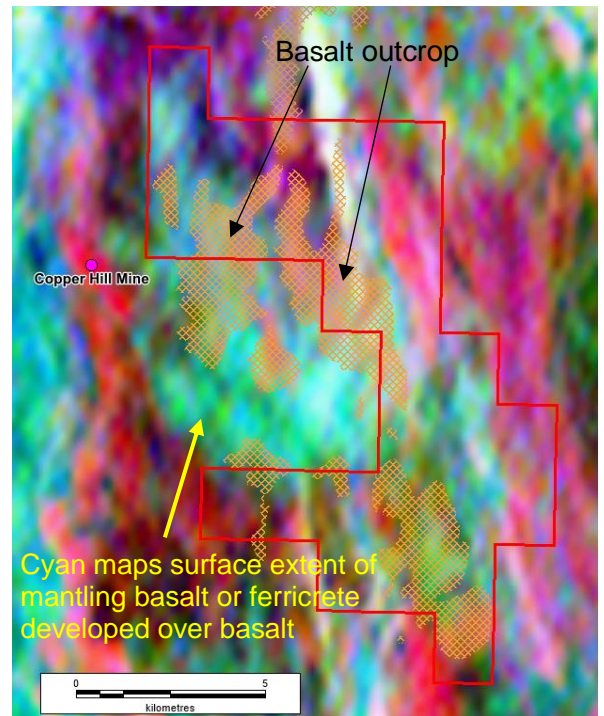


Figure 3b – Radiometric image

Copper Hill

The Belgravia Project is located adjacent to the Copper Hill gold-copper deposit, which contains a total resource of 87Mt @ 0.32g/t Au and 0.36% Cu comprising indicated resources of 47mt @ 0.39g/t Au and 0.4% Cu and inferred resources of 39mt @ 0.24g/t Au and 0.32% Cu, using a 0.2% copper cut-off grade³ (Figure 2). Copper Hill is the oldest mined Cu deposit in NSW.

Drilling has outlined a diffuse body of mineralisation, extending north-northwest for over two kilometres, up to 800 meters wide and extending to depths of over 400 meters. High-grade mineralisation (1.0% Cu and + 1.5g/t Au) occurs in stockworks and sheeted vein sets within and forming carapaces to dacite porphyries exhibiting intense hydrothermal alteration, with local quartz-magnetite and carbonate veining. Lower-grade mineralisation (average 0.3% Cu and 0.3g/t Au) occurs as thin veinlets and very fine-grained disseminations of chalcopyrite and pyrite with variable alteration within dacite porphyries and andesitic lavas and tuffs. Moderate to strong hydrothermal alteration accompanied dacite intrusion, giving rise to mainly potassic, chloritic, sericitic and propylitic alteration in both the intrusives and adjacent Ordovician volcanics

The eastern half of CHIC is mostly captured by the Belgravia Project, where it is overlain and obscured by Tertiary Basalt, as shown in the above magnetic and radiometric imagery. The margins of the CHIC and another intrusive to its immediate north, the Larras Lake Diorite, represent important targets for future exploration by the company.

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HISTORICAL EXPLORATION WORK

Geological mapping, soil and rock chip sampling dominate the previous exploration, with the crucial results and targets summarised in the prospectivity section below.

Nine aircore holes for an advance of 101.5m (averaging under 12 metres per hole) are developed across the entire project. No assay data is available on the aircore holes but with up to 40m of basalt cover, these are considered insignificant.

The plausible reasons for the lack of drilling were highlighted earlier and are related to a blanket of basalt, up to 40m thick, that is draped across the landscape obscuring the underlying rocks and any contained mineralisation or alteration. Leached country-rock preserved beneath the basalt may further confuse or mask signatures related to mineralisation. The impost of regolith development at Belgravia to general exploration, along with the limited drilling, provides excellent leverage for shareholders.

Prospectivity

Belgravia is prospective for four deposit types:

1. Porphyry Cu-Au;
2. Associated skarn Cu-Au;
3. Orogenic Au; and,
4. VMS-Au mineralisation.

The vendor, Locksley Holdings Pty Ltd, has generated six initial Cu-Au targets for immediate consideration by the Company (Figure 4):

- Bell Valley (Copper Hill NE)
- Guanna Hill
- Sugarloaf Creek
- Shades Creek
- Strathmore
- Nandillyan

The Company will utilise its 21-day due diligence period to review and validate these targets.

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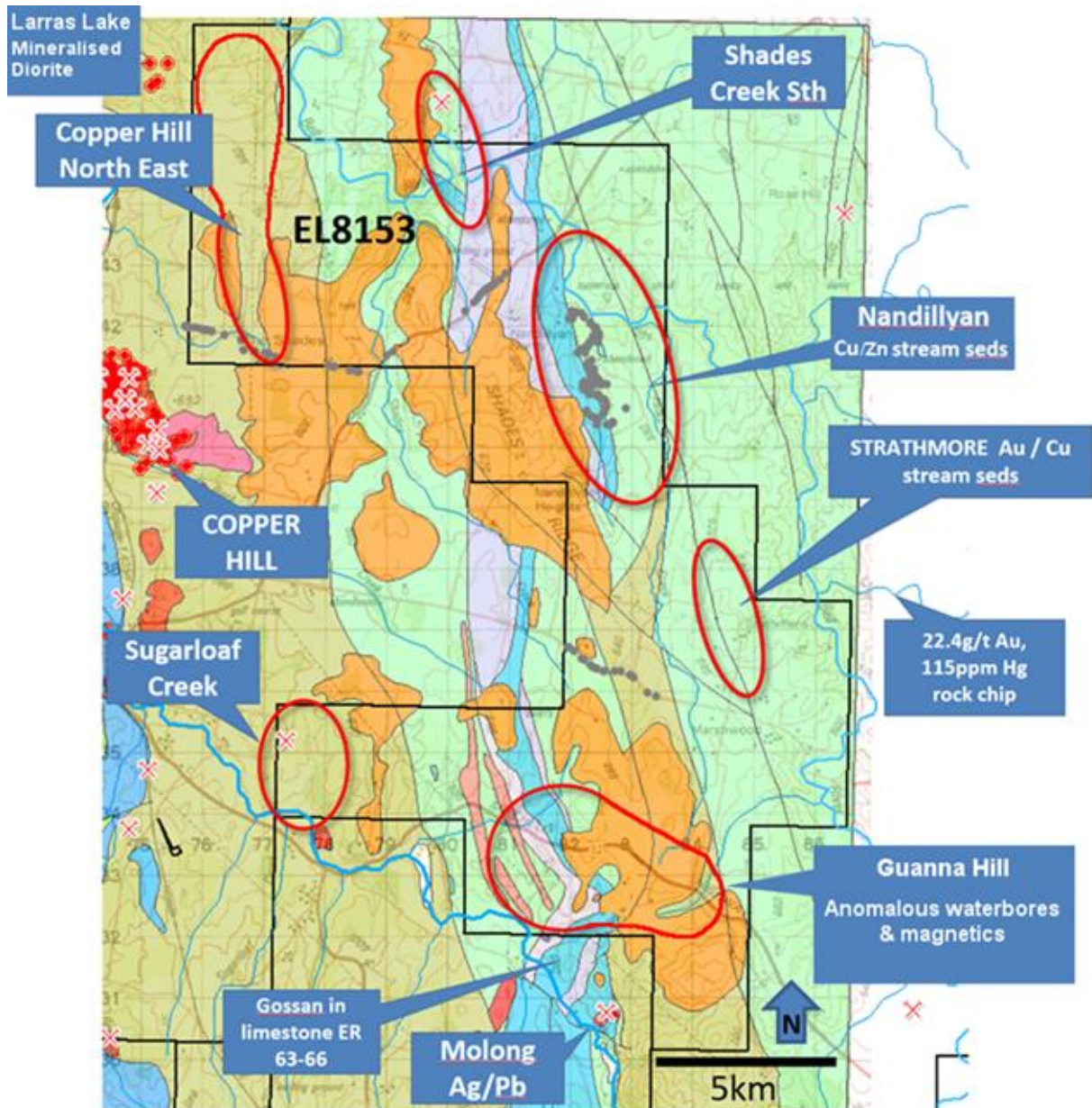


Figure 4 – Exploration targets

1. Bell Valley (previously referred to as Copper Hill NE; Figure 4)

Bell Valley represents stream sediment anomalies, located 4.5km northeast of the Copper Hill deposit, in the northernmost part of EL8153. The anomalous samples lie in streams that drain north from an area interpreted to overlie the CHIC, where the drainage has cut through the mantling basalt and exposed the underlying prospective bedrock.

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Water bores, developed across the hinterland, including within Belgravia, have proved useful in confirming the underlying geology. By nature, no holes were assayed but most holes were lithologically logged during their development. This information can be used, for example, to confirm the spatial extent of the CHIC to the northeast in Belgravia (Figure 5).

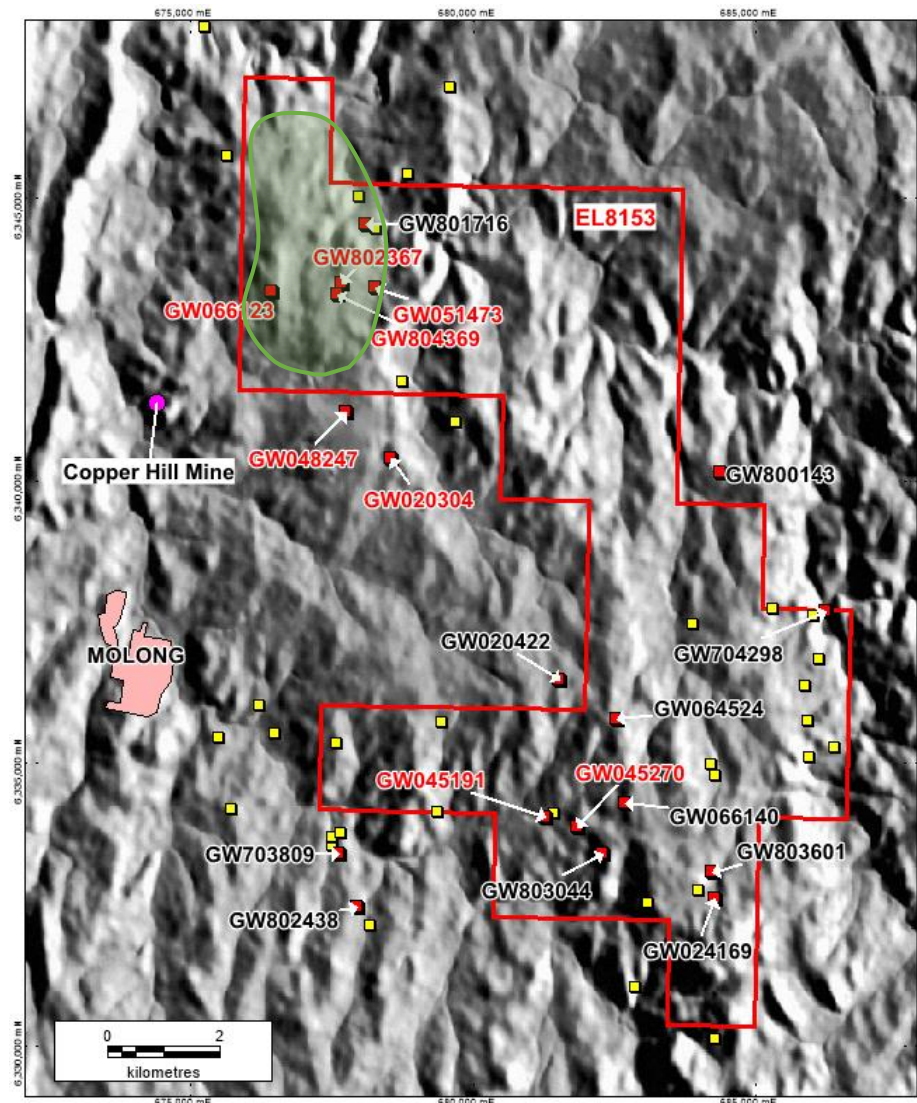


Figure 5 – Borehole locations: Belgravia Project. Red text and red square interpreted as CHIC in the NW, in the south interpreted as intrusive volcanics by Vendor from the original logs; black text and red square interpreted and logged as various lithologies, including limestone and ironstones, by the Developer; Yellow squares are bores missing logging information.

Most of the prospective geology in the survey area is mantled by degraded Tertiary basalt that, in turn, overlies a deeply weathered and leached bedrock (Figure 3b). Rock chip sampling has identified pervasively altered volcanic and dioritic rocks in the area. The observed alteration coincides with an interpreted northwesterly-trending dilation zone developed along the eastern flank of the CHIC.

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Locksley collected twenty-two chip samples around the Bell Valley area. The samples fell into four lithological categories:

- I. Proximal submarine volcanics such as pillow lavas, interflow cherts, and immature mafic volcanoclastics.
- II. Subvolcanic pyroxene–feldspar porphyry dykes and sills
- III. Altered diorite
- IV. Tertiary ferricrete

Intense epidote–chlorite–quartz \pm pyrite alteration, considered to represent the outer propylitic assemblage of a mineralising system, is developed in rocks over a wide area at Bell Valley (in green; Figure 5). The alteration lies proximal to the Larras Lake intrusives immediately north of Copper Hill and previously targeted by Alkane Resources.

2. Guanna Hill

Guanna Hill (Figure 4) is a 6km x 2km geochemical anomaly developed along the Mitchell Highway. Government mapping describes the area as Tertiary basalt overlying Ordovician Fairbridge Volcanics. The target lies immediately north the Molong Pb-Zn Prospect, interpreted as a distal Pb-Zn skarn. Bedded highly fossiliferous limestone of the Silurian Nandillyan Limestone hosts the Molong mineralisation.

The area was targeted after perceived skarn development beneath the Tertiary cover was recognised during a review of water bore data (Figure 5). Geological logs from the boreholes recorded juxtaposed felsic intrusives, limestone and “ironstone”, which plausibly represents magnetite skarn or gossan. Quartz veining was also recognised.

The presence of a strong magnetic high, coincident with a robust potassic signal in the radiometric imagery, support the presence of an alteration system.

An orogenic gold prospectivity map produced by New South Wales Geological Survey (NSWGS), ranks Guanna Hill very favourably as a gold target (Figure 6). The map considers only the gold prospectivity associated with the Kanimblan Orogeny, the final orogenic episode forming the Lachlan Fold Belt. Supporting information on what and how data is used to build such predictive mineralisation models lies on the NSWGS MinView website.

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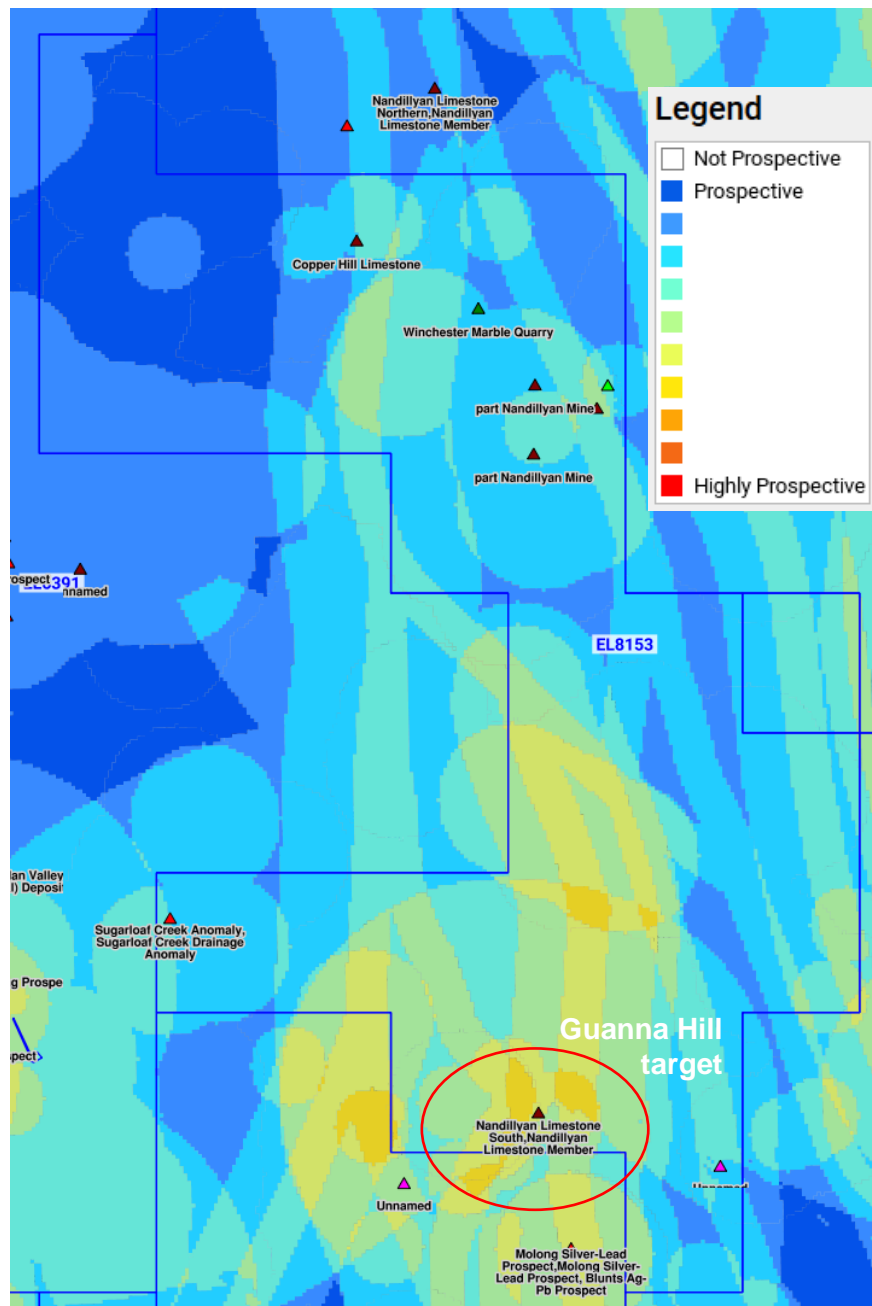


Figure 6 – Orogenic Au target (NSWGS)

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3. Sugarloaf Creek

Geopeko revealed highly anomalous stream sediment and rock chip geochemistry over an area of approximately 2km at Sugarloaf Creek. The base metal anomalism was returned from sulphides in “quartz stringers” within andesite.

Andesitic tuffs, volcanics and volcaniclastics intruded by a feldspar porphyry were later identified during geological mapping by Geopeko and then Gold and Copper Resources Pty Ltd. The latter also recognised pervasive hematite-rich alteration within the anomalous stream sediment zone and recommended follow-up exploration. The work, however, was not undertaken.

4. Shades Creek

Shades Creek (Figure 4) straddles the Bell River approximately 12km north-northeast of Molong and overlaps the northern edge of EL8153. The geology of the area consists of sandstones, siltstones, shales and andesite.

Mineralisation was observed in two areas as:

- Samples of malachite staining on fine-grained siliceous rocks, sourced near an old working; and,
- Minor sulphides in a siliceous rock.

No gold assays were performed.

Soil and stream sediment sampling successfully outlined a linear zone of elevated Cu values hosted by andesitic rocks containing small amounts of fine-grained disseminated pyrite and chalcopyrite.

5. Strathmore

Strathmore (Figure 4) represents a 10km length of elevated Cu (>100ppm Cu) in stream sediment samples along the Bell River. The target area lies over the Ammerdown Fault and andesitic volcanics of the Oakdale Formation (Figure 7).

Just outside the project area, Geopeko identified dioritic intrusives during detailed mapping, and chip sampling by BHP (1988) returned encouraging Au, Hg and Cu anomalism.

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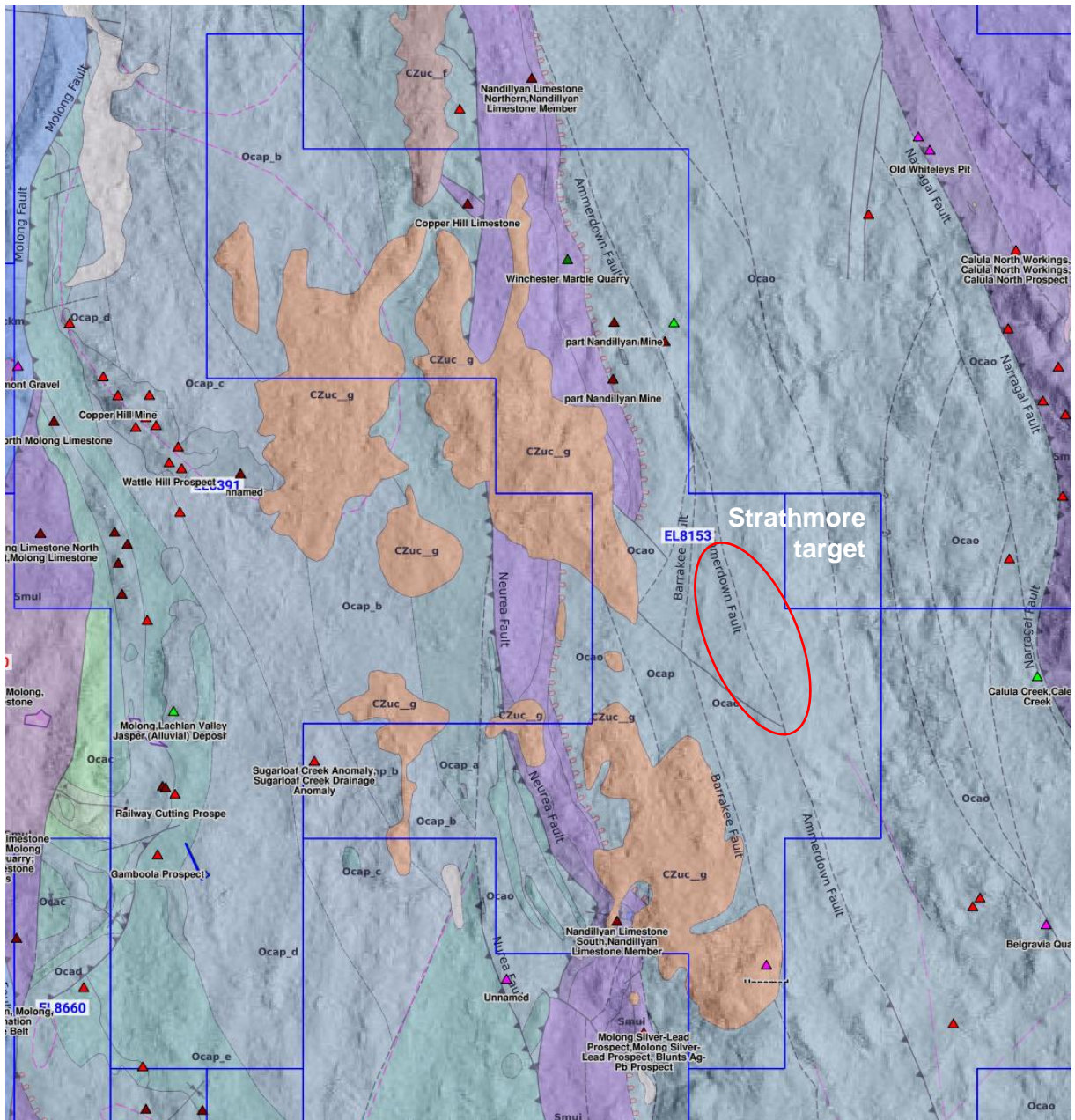


Figure 7 – Strathmore Target: geological setting

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6. Nandillyan

Similar adverse regolith impacts on the mineral exploration results are recognised elsewhere in the Project.

Radiometric imagery reveals widespread potassic alteration at Nandillyan. It is supported by potentially skarn-related, intense haematite + epidote alteration that coincides with a ground magnetic anomaly. Intensely veined (quartz) and altered volcanic was located in a 400m long zone was sampled but did not return any anomalous metal values. The alteration zone lies along a fault zone within the Silurian Barnaby Hills Shale and warrants further consideration.

OPTION TERMS

The Belgravia Project (EL8153) is owned 100% by Locksley Holdings Pty Ltd.

Krakatoa has executed a binding terms sheet with Locksley Holdings Pty Ltd which grants the Company a 21-day option period to undertake due diligence on the Belgravia Project for consideration of \$10,000 (paid).

Upon satisfactory completion of due diligence and exercise of the option, 100% of the Belgravia Project can be acquired through the following consideration:

- 10,000,000 ordinary shares
- \$300,000 cash
- 1% net smelter royalty

Completion of the transaction will remain subject to the Company obtaining shareholder approval for the issue of the 10,000,000 ordinary shares.

10,000,000 quoted options exercisable at \$0.05 on or before 31 July 2021 will be issued to the facilitator of the transaction, King Corporate Pty Ltd, on completion.

APPOINTMENT OF STEPHEN WOODHAM AS EXPLORATION CONSULTANT

The Company has agreed to enter into a consulting agreement with Stephen Woodham upon completion.

Stephen has over 30 years' experience in mining and exploration across Western Australia and New South Wales, specialising in field logistics and support and land access in rural and remote environments. He has an extensive track record in logistics, tenement acquisition, land access, mining investment, and commercial and cross-cultural negotiation.

Stephen has secured projects that have resulted in significant gold discoveries in NSW. He has owned and operated a drilling company which operated 8 drilling rigs. Stephen was a founding director of LFB Resources which was taken over by Alkane Resources.

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CAPITAL RAISE

The Company has secured firm commitments to raise \$330,000 through the issue of 15,000,000 ordinary shares at a price of 2.2c per share. The shares will be issued under existing LR7.1 capacity. Funds raised under the placement will be used to fund its due diligence on the Belgravia Project and working capital.

NEXT STEPS

Due diligence activities have commenced utilising the Company's technical consultants. Upon successful completion of due diligence, a swift progression to drilling will be planned.

FOR FURTHER INFORMATION:

Colin Locke

Executive Chairman

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REFERENCES

¹ https://www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0004/541462/gold.pdf

² Newcrest Mining Limited (ASX: NCM) announcement dated 16 September 2019 "Denver Gold Forum - Newcrest Presentation"

³ Golden Cross Resources (ASX: GCR) announcement dated 24 March 2015" updated JORC 2012 compliant Resource Estimate"

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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.

Competent Persons Statement

The information in this announcement is based on and fairly represents 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 Project. 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Belgravia project has been explored periodically over the years by numerous companies, including all the majors. The reviews were mostly cursory and never systematic. Due consideration was never given to the regolith, its development and its likely impact on exploration method and results. Exploration was further complicated by a blanket of Tertiary basalt that mantles and obscures much of the primary geology. Though some results are generated the scope of most work is at a reconnaissance level, and any reader should consider this when reading this document. Most work involved stream sediment geochemistry supported by soil geochemistry and rock chip sampling. Geological mapping was also sporadic.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> 9 shallow, aircore drill holes for 101.5 m were developed (with only 3 holes exceeding 10 m). Given the holes were mostly developed in tertiary basalt they are not discussed further. Holes were drilled to maximum depth of 32m.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure 	<ul style="list-style-type: none"> No reports available. QA/QC procedures were not discussed within the body of any of the historical reports relating to the exploration undertaken

Criteria	JORC Code explanation	Commentary
	<p><i>representative nature of the samples.</i></p> <ul style="list-style-type: none"> <i>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.</i> 	
Logging	<ul style="list-style-type: none"> <i>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.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> The holes were logged All drilling was at the reconnaissance level and not used in resource estimation.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Drilling approaches were standard, and suitable for the target type being explored though the company failed to consider the impact of the Tertiary basalt on the outcomes QA/QC procedures were not discussed within the body of any of the historical reports relating to the exploration undertaken
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> 	<ul style="list-style-type: none"> No assessment has been of the results or QA/QC (if applied) as they are mostly considered irrelevant to task going forward. Regolith impacts are very apparent in the observed data, which supports the project being considered as a clean slate.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Most of the results discussed in the body of the report are driven by empirical observations. They are not based on the assay results, many of which lie outside of the tenement under consideration. No adjustments were made to the data
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Early stage project predominantly at the grass roots level. Discussed targets are based mostly on empirical observations (right geology, alteration, geophysics, presence of sulphides or gossanous material) and not solely on assay results other than where they confirm the empirical evidence
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Data spacing is suitable for the exploration stage, which is mostly at the reconnaissance level The work completed was appropriate for the exploration stage No resource is currently identified No sample compositing was used
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No bias introduced.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Historical reports did not document the chain of custody to ensure sample security
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No reviews or audits of sampling techniques was undertaken. The data collated was reviewed respective to each generation of work undertaken.

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Belgravia Project (EL8153) is owned 100% by Locksley Holdings Pty Ltd. Krakatoa has executed a binding terms sheet with Locksley Holdings Pty Ltd which grants the Company a 21-day option period to undertake due diligence on the Belgravia Project for consideration of \$10,000 (paid). Locksley is not in partnership or any joint venture with respect to the tenement. Upon exercising the option, 100% of the Belgravia Project can be acquired through the following consideration: <ul style="list-style-type: none"> 10,000,000 ordinary shares \$300,000 cash 1% net smelter royalty
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Parts of the Project area have been explored at various times by BHP, MIM, CRA, Geopeko, Alkane Resources, Placer Dome amongst others. Most exploration efforts by these companies was cursory and failed to adequately consider the regolith and Tertiary basalt that obscures much of the prospective geology.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>The Belgravia Project is in the central part of the Molong Volcanic Belt (MVB), which forms as part of the East Lachlan province within the Lachlan Fold Belt. The region constitutes the largest porphyry province in Australia.</p> <p>The East Lachlan province hosts major copper-gold mining operations with significant metal endowments.</p> <p>Belgravia is prospective for four deposit types:</p> <ol style="list-style-type: none"> Porphyry Cu-Au; Associated skarn Cu-Au;

Criteria	JORC Code explanation	Commentary
		3. Orogenic Au; and, 4. VMS-Au mineralisation.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Nine aircores drilled for a total of 101.5m The holes are not relevant to the project going forward, as the holes averaged <12 m in depth. Water bores were not developed for the benefit of exploration, but for stock watering, and are not discussed further.
Data aggregation methods	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No weightings or other manipulations were made to the data. No metal equivalents were used or calculated Water bores were vertical
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> Water bores were lithologically logged at the time of their development These logs are partially available and have been reviewed by the vendor

Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The pertinent maps for this stage of project are included in the release. Co-ordinates in MGA94Z55 or lats/longs are shown on all maps
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The report has relied on the information in the public records released by the previous explorers, academic and other research documents, etc. As discussed earlier in these tables, the surface sampling seems poorly controlled and ill considered. Consequently, this report is based mostly on empirical evidence drawn from the geology, identified alteration minerals, sulphides or gossans, geophysics imagery, etc
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Other geophysical data sets for the project area are available in the public domain. This will be recovered and reprocessed prior to reinterpretation to support future exploration. Thorough compilation of the historical results is necessary
Further work	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Work programs will be designed post exercise of the option A site visit to review the targets is necessary before commencing any field work.