

3 October 2019



Board:

Colin Locke (Exec. Chairman)

David Palumbo (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

150,000,000 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)

KTA Commences Field Due Diligence at Belgravia Project

- ***Krakatoa's exploration team has commenced its field-based due diligence program at the Belgravia Project***
- ***The Project is located centrally within the Molong Volcanic Belt, between Newcrest's Cadia Operations (indicated resource of 2,900mt @ 0.36g/t Au & 0.25% Cu)¹ to the south and Alkane's recently announced, Boda discovery to the north.***
- ***Technical due diligence will include the field review of the six identified prospects, some with similarities to Cadia***
- ***The project is considered prospective for:***
 - ***Porphyry Cu-Au;***
 - ***Associated skarn Cu-Au;***
 - ***Orogenic Au; and,***
 - ***VMS-Au mineralisation.***
- ***KTA will focus on the geological relationships present in parts of Belgravia that overlie the Copper Hill igneous Complex (CHIC), which hosts the Copper Hill Deposit.***

Krakatoa Resources Limited ("Krakatoa" or the "Company") (ASX: KTA) is pleased to announce it has commenced field due diligence at Exploration licence 8153, comprising the Belgravia Project ("the Project").

As announced on 26 September 2019, the Company entered a binding term sheet with Locksley Holdings Pty Ltd ("Locksley") granting the Company a 21-day exclusive option period to undertake due diligence and acquire a 100% interest in the Project.

Registered office:

Level 11, London House, 216 St Georges Terrace, Perth, W.A. 6000

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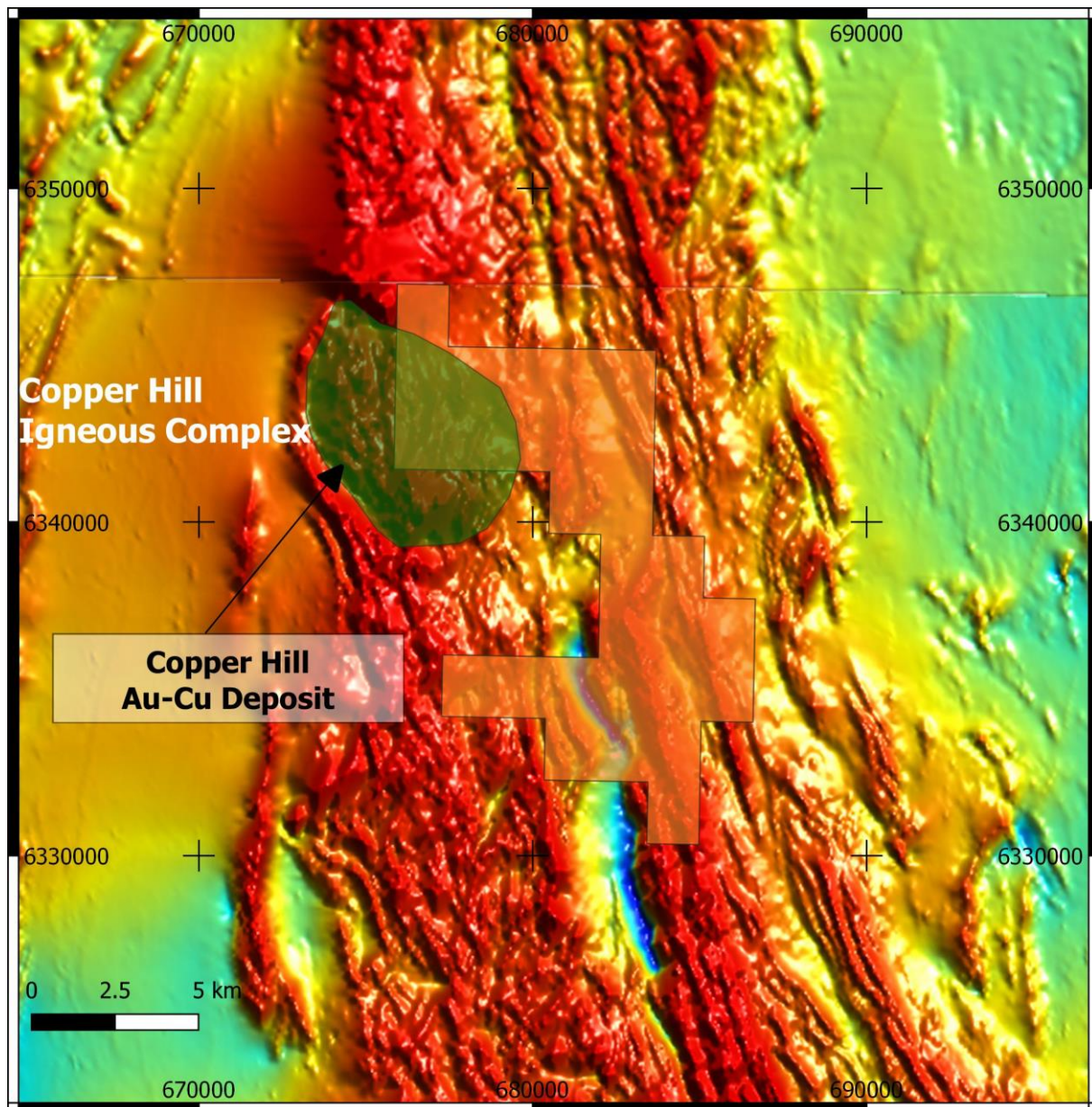


Figure 1: Copper Hill Igneous Complex over TMI

The Belgravia Project is prospective for four deposit types:

1. Porphyry Cu-Au (See figure 1 - Copper Hill igneous complex);
2. Associated skarn Cu-Au;
3. Orogenic Au; and,
4. VMS-Au mineralisation.

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The Belgravia Project covers an area of 80km² and 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, NSW. The East Lachlan region **constitutes the largest porphyry province in Australia.**

The Project lies approximately 7km east of the township of Molong and 20km northwest of the regional centre of Orange, providing excellent road, rail, power, gas and water infrastructure.

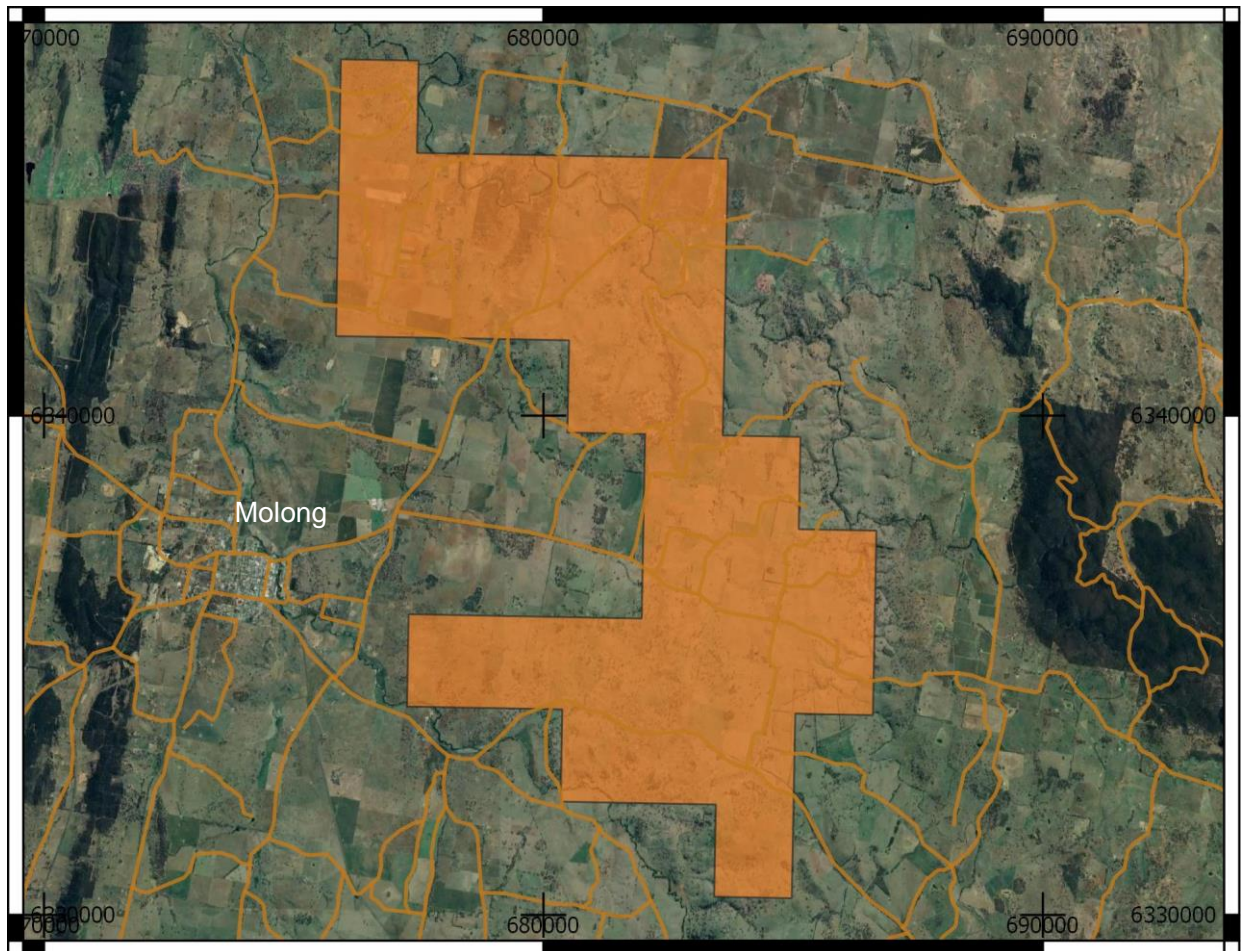


Figure 2: Project Location Plan

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The vendor, Locksley Holdings Pty Ltd, has generated six initial priority targets for immediate consideration by the Company (Figure 3, below):

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

Historical exploration has mostly focussed on geological mapping, soil and rock chip sampling. The Company considers these work programs have failed to adequately consider the regolith and tertiary basalt (up to 40m thick) that obscures much of the prospective geology.

The Company has commenced its field-based due diligence to review and validate these targets.

Mr Colin Locke, Executive Chairman, commented:

"I am delighted to have arrived with our exploration team to commence our technical due diligence program. We are excited to share the highly prospective Lachlan fold belt with several tier 1 majors and with KTA's current market capitalisation at only \$4m, the proposition presents shareholders with a highly leveraged investment opportunity."

FOR FURTHER INFORMATION:

Colin Locke

Executive Chairman

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REFERENCES

¹ Newcrest Mining Limited (ASX: NCM) announcement dated 16 September 2019 "Denver Gold Forum - Newcrest Presentation"

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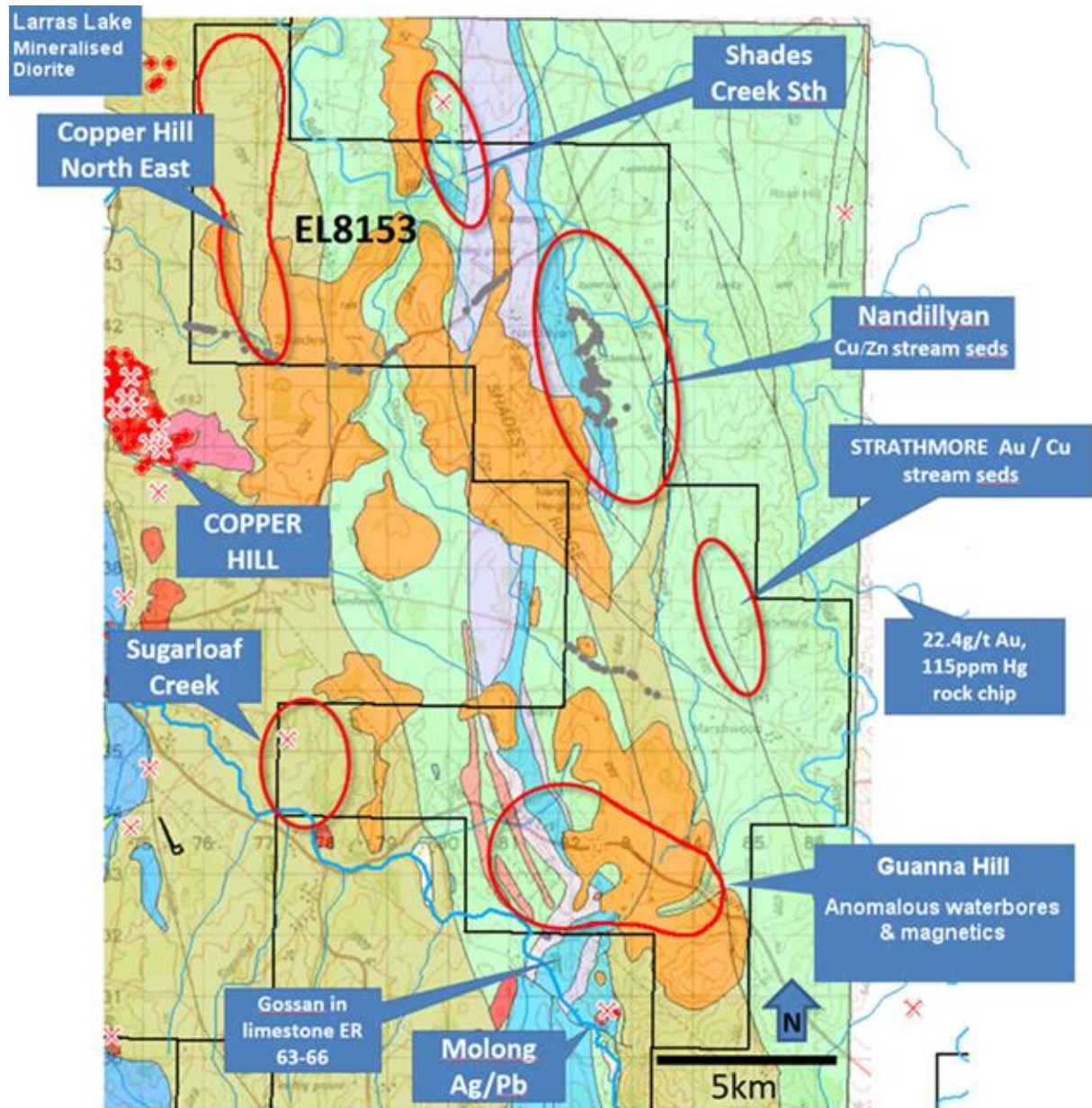


Figure 3: Priority Defined Targets- Undergoing Field Verification

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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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