

20 May 2020

Fresh geophysical interpretation shows significant 6km Au-Cu Porphyry Feature

- Detailed aeromagnetic survey interpretation highlights the significant gold-copper porphyry potential at Bell Valley Target Area, within the Belgravia Project:
 - Contains a considerable portion of the Copper Hill Intrusive Complex, the interpreted porphyry complex which hosts the Copper Hill deposit (890koz Au & 310kt Cu)¹
 - The Copper Hill deposit and several prospects in the adjoining tenement sit within a regional magnetic low feature attesting to its prospectivity
 - The Company has a similar magnetic low feature spanning 6km in the Bell Valley Target Area with its existing prospects situated within or proximal to this feature
- Numerous identified magnetic lows include or lie adjacent to several other Belgravia targets

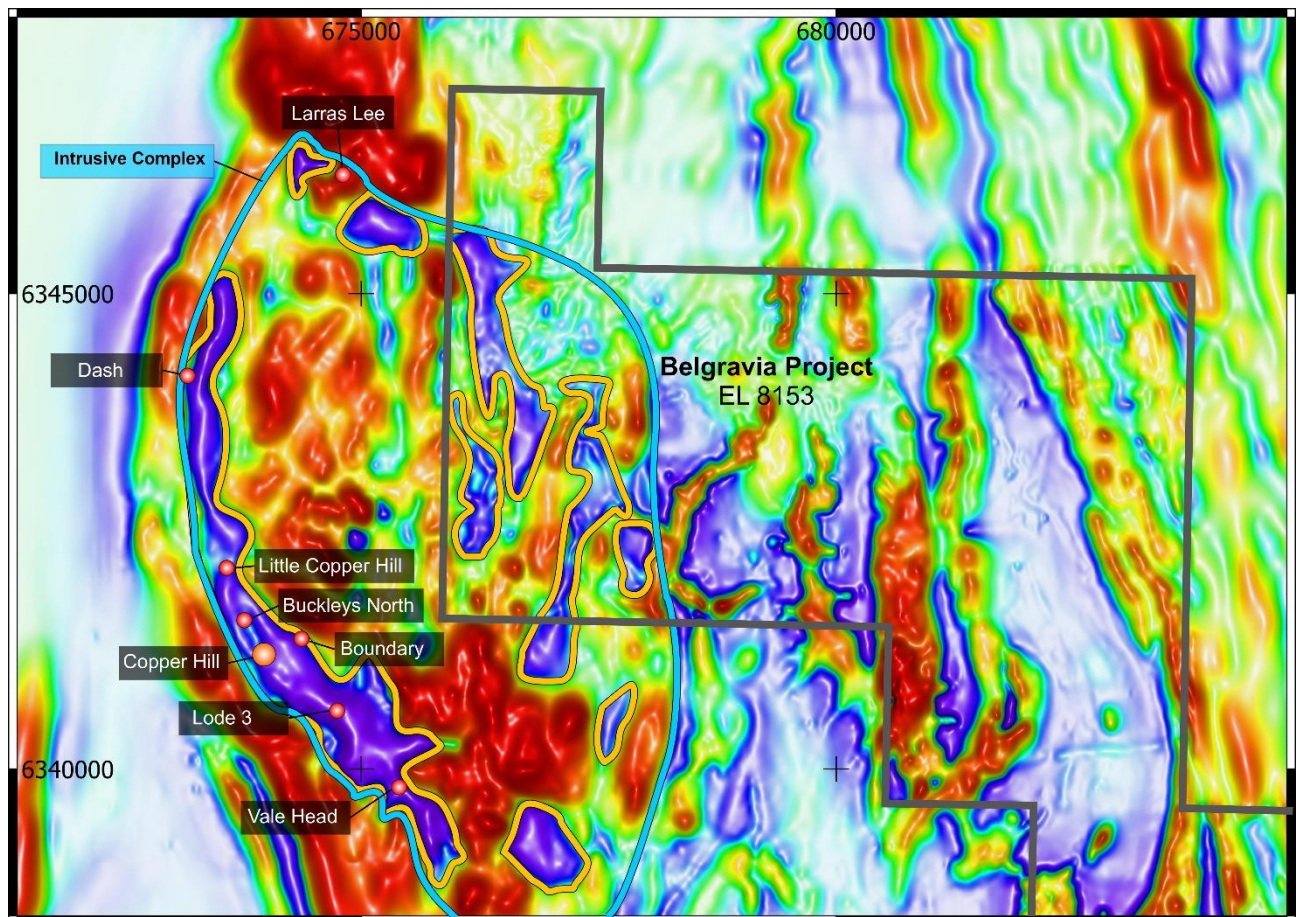


Figure 1: Processed Aeromagnetic Imagery & Interpreted Magnetic Low Target Features



ASX Code
KTA, KTAOC

Capital Structure

218,750,000 Fully Paid Shares
85,000,000 Options @ 5c exp 31/07/21
5,000,000 Options @ 7.5c exp 31/07/21
12,000,000 Options @ 10c exp 24/10/20

Directors

Colin Locke
David Palumbo
Timothy Hogan

Enquiries regarding this announcement can be directed to

Colin Locke
T. +61 457 289 582

Krakatoa Resources Limited (“Krakatoa” or the “Company”), is pleased to present the findings from its recent high resolution airborne magnetic survey and regional compilation at its 100% owned Belgravia Project in the central part of the Molong Volcanic Belt, Lachlan Fold Belt, NSW.

Contractor, MagSpec Airborne Surveys Pty Ltd using a Cessna 210 aircraft, flew at a height between 30m–40m, on 50m east-west line spacing with north-south tie lines every 500m.

The airborne geophysical survey has valued-added to Krakatoa’s understanding of the mineral prospectivity at Bell Valley and in other parts of the Company’s holding. The Company recognises the significant gold-copper porphyry potential in the Bell Valley Target.

As previously detailed, the Bell Valley Target lies in the eastern portion of the Copper Hill Intrusive Complex. The Complex is host to the Copper Hill deposit containing a global resource of **890koz Au & 310kt Cu** (87Mt @ 0.32% copper & 0.27g/t gold comprised indicated resources of 47Mt @ 0.39g/t Au and 0.4% Cu and inferred resources of 40Mt @ 0.24g/t Au and 0.32% Cu, using a 0.2% copper cut-off grade)¹.

Magnetic imaging (Figure 1) illustrates the critical relationship between the location of mineralisation and low magnetic signatures (outlined in orange). The Copper Hill deposit and several additional prospects all lie within a discrete low magnetic feature. The Copper Hill deposit has been the focus for historical exploration plausibly at the expense of several underexplored opportunities, e.g. Dash, Lode 3, etc. The low magnetic features, at least locally, can result from the destruction of magnetite by propylitic and phyllic alteration producing a smooth broad magnetic low over the vicinity of the intrusion.

The imaging also demonstrates the importance that the margins of the major intrusive complexes have on locating porphyry mineralisation, with Copper Hill situated along the western margin and Bell Valley Target Area along the eastern margin.

Krakatoa is rightfully eager to explore the possibility’s presented by having approximately 6km of the “magnetic low signature” interpreted to lie along the eastern margin of the intrusive complex in its Bell Valley Target Area. It is worth noting that geochemical trends and anomalism outlined by the recent aircore drilling program coincide with the northernmost magnetic low at Bell Valley.

Authorised for release by the Board

FOR FURTHER INFORMATION:

Colin Locke
Executive Chairman
+61 457 289 582
locke@ktaresources.com

¹ *Golden Cross Resources (ASX: GCR) announcement dated 24 March 2015 and titled “updated JORC 2012 compliant Resource Estimate”*

Competent Persons Statement

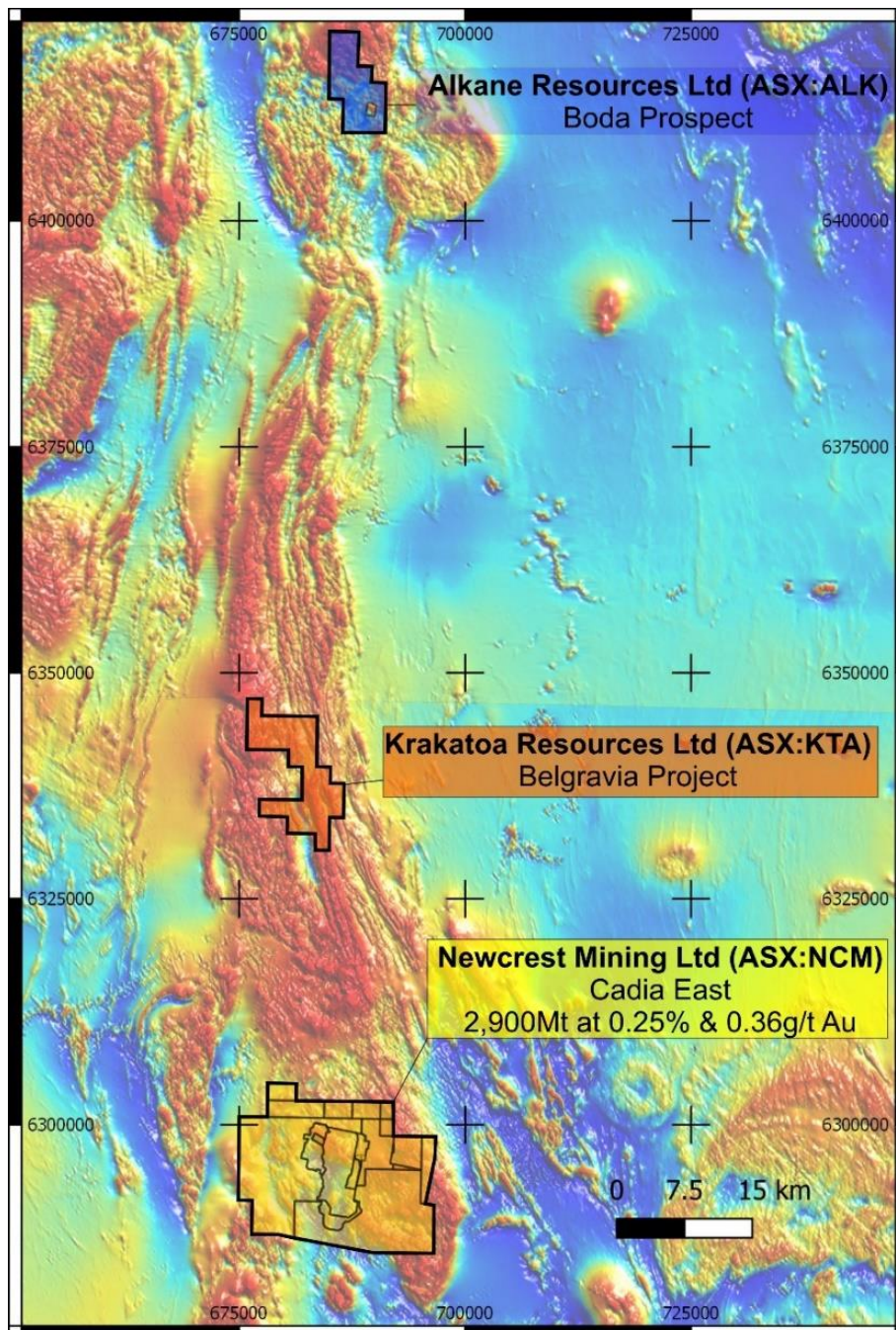
The information in this announcement is based on and fairly represents information compiled by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Collective Prosperity Pty Ltd, and is an accurate representation of the available data and 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.

ABOUT BELGRAVIA PROJECT:

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.

The Belgravia Project has six initial targets considered highly prospective for porphyry Cu-Au and associated skarn Cu-Au. Historical exploration appears to have failed to adequately consider the regolith and tertiary basalt (up to 40m thick) that obscures much of the prospective geology.



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 aeromagnetic survey was flown by MagSpec Airborne Surveys Pty Ltd. East-West traverse lines at 50m spacing. North-South tie-lines at 500m spacing. Along line sampling at 20Hz (approx. 3.5m). 40m survey sensor height. 1938 line kilometres acquired. Acquired with a Cessna 210 aircraft. G-823A caesium vapour magnetometer 0.001 nT Magnetic Resolution 0.01 nT Sensitivity 2m GPS accuracy. Diurnal variations corrected with a local base station. Final data processed and provided by MagSpec Airborne Surveys Pty Ltd as a located database, TMI grid and processed derivatives.
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"> N/A

Criteria	JORC Code explanation	Commentary
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 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. 	<ul style="list-style-type: none"> N/A
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> N/A
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> N/A
Quality of assay data	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is 	<ul style="list-style-type: none"> N/A

Criteria	JORC Code explanation	Commentary
and laboratory tests	<p><i>considered partial or total.</i></p> <ul style="list-style-type: none"> 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. 	
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"> Located and gridded data stored in digital format by the Company.
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"> The survey was acquired in MGA94Z55 with an accuracy of 2m.
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 The work completed was appropriate for the exploration stage
Orientation of data in relation to	<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 	N/A



Criteria	JORC Code explanation	Commentary
geological structure	<i>orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> N/A
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> N/A

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 wholly-owned by Krakatoa Australia Pty Ltd, a wholly owned subsidiary of Krakatoa Resources Ltd who bought the licence from Locksley Holdings The Company holds 100% interest and all rights in the Belgravia Project
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"> Other than the UAV survey completed by the Company at the Bell Valley Target Area in November 2019, the only previous aeromagnetic survey acquired in the area are by the NSW government at 250m line spacing.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Volcanism within Molong Volcanic Belt, as part of the Macquarie Arc in the Lachlan Fold Belt, relates to distinct groups and ages of porphyritic intrusion that vary from monzodiorite-diorite through monzonite-granodiorite compositions and correspond with porphyry copper-gold and epithermal gold-silver 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 	<ul style="list-style-type: none"> N/A.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ 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. 	
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"> ● N/A
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"> ● N/A
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

Criteria	JORC Code explanation	Commentary
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. 	N/A
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. These have been recovered and reprocessed and integrated into the GIS environment to support future exploration
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"> Deep ground penetrating radar Rock geochemistry Drilling