

24 July 2020

DGPR results reinforce Au-Cu prospectivity at Bell Valley

- **DGPR results reveal several anomalous zones in the Bell Valley Target Area:**
 - **Confirm the previously announced Bella, Lara 1 and 2 anomalies**
 - **Generated a new zone in southwest, the most proximate target to Copper Hill**
 - **Multiple DGPR anomalies are open to the north and south**
- **Interpreted DGPR anomalies are coincident with:**
 - **Existing drilled anomalous gold and multielement geochemistry;**
 - **Identified zones of monzodiorite intrusion; and,**
 - **Deep magnetic low feature characteristic of a porphyry-style deposits such as Copper Hill Au-Cu Deposit**
- **Sub-surface DGPR anomalies are interpreted to represent irregular quartz stockworks, sheeted quartz veining and disseminated sulphides plausibly associated with porphyry-style Cu-Au or related styles of mineralisation**
- **Induced polarisation (IP) survey to be implemented to focus future diamond drilling**

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to announce results for its recent Deep Ground Penetrating Radar (DGPR) survey across the Bell Valley Target, located in the Belgravia Project, Molong Volcanic Belt, NSW.

The DGPR survey at Bell Valley identified several critical anomalies (Figure 1) associated with and proximal to previously announced interpreted porphyry-related targets: the central Bella and northern Lara 1 and 2. Additionally, a new anomaly situated southwest of Bella towards the Copper Hill deposit was revealed. The DGPR anomalies at Bella and Lara 1 and 2, notably coincide with drill-indicated anomalous gold and multielement geochemistry and correspond with a pervasive magnetic low feature perceived to influence the location of mineralisation at the adjacent Copper Hill deposit. Each anomaly extends across several survey lines to form aerially extensive polygons, which are interpreted to represent quartz stockworks, sheeted quartz veining and disseminated sulphides plausibly associated with porphyry-style Cu-Au or related styles of mineralisation. Many of the polygons remain open to the north and south.

Krakatoa's Executive Chairman, Colin Locke, stated, "*We continue to build a convincing narrative for the drilling of deeper targets at Bell Valley, and doing so through considered, cost-effective exploration. The multipronged coincidence between the DGPR, drilling geochemistry, mineral alteration, magnetics, and geological structure, has refined and focused the exploration effort across the Bell Valley target area, where we are fortunate enough to be spoilt for choice. The forthcoming induced polarisation survey will give us great insight for a focussed diamond drilling campaign.*"



ASX Code
KTA, KTAOC

Capital Structure

248,750,000 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

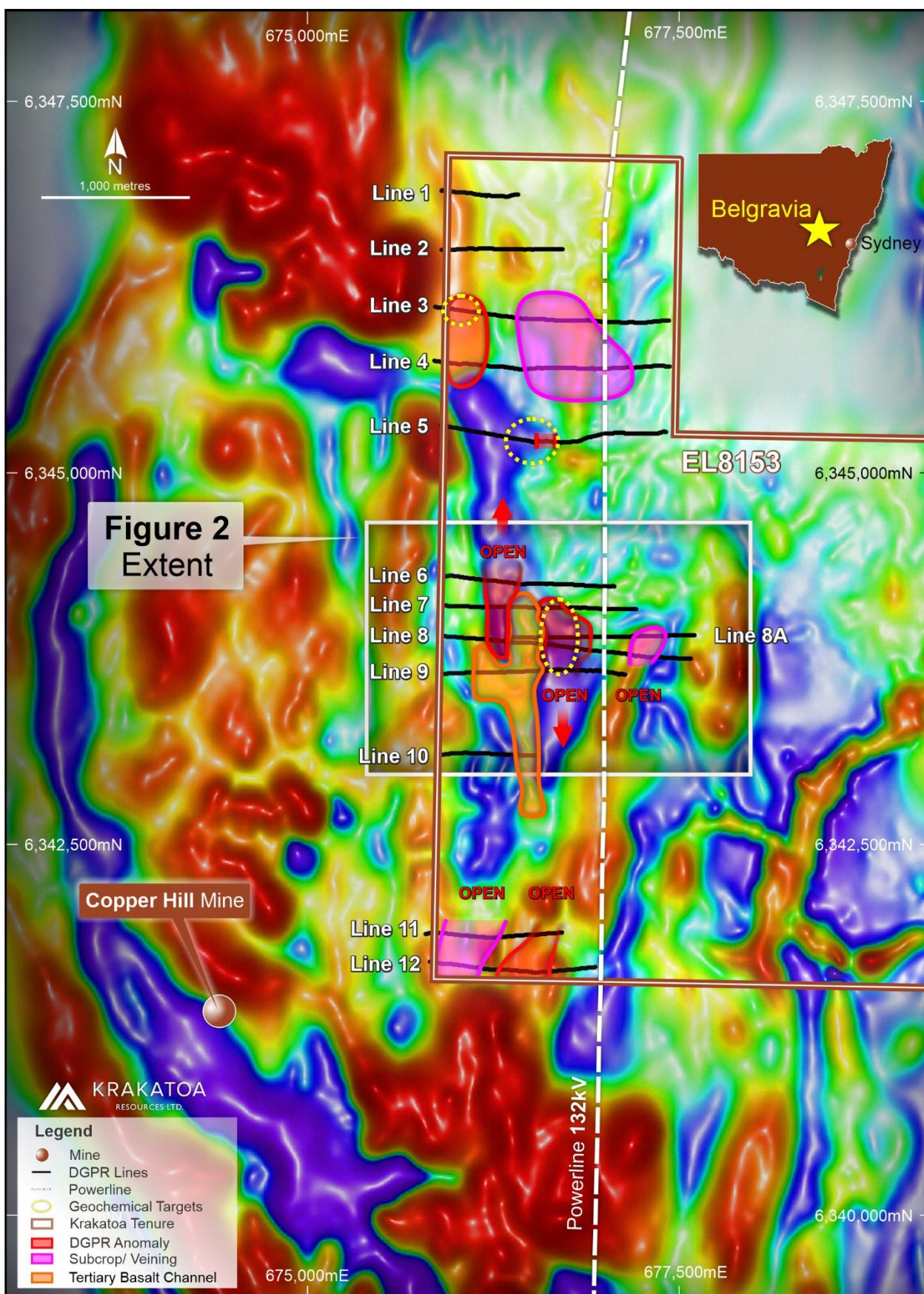


Figure 1: DGPR survey lines and anomalies on processed Aeromagnetic Imagery

DGPR Program

Krakatoa contracted Loza Radar Australia to undertake a deep ground penetrating radar ("DGPR") survey at Belgravia to map the sub-surface geology and provide evidence of favourable hosting environments for mineralisation. The survey acquired a total of 15,373 line metres across 13 lines at Bell Valley.

Data collection is based on radiation of ultra-wideband electromagnetic pulses penetrating the subsurface medium and registration of the reflected signals born at the medium interfaces or buried objects. Reflections are the primary result of a change in density and/or a change in electromagnetic permeability. Only Low Frequency Systems utilising a 6-metre antenna x 25 Mhz with specific acquisition parameters was used in the Bell Valley survey. The depth of acquisition was set to 200m but post processing, details were extracted on sections set at 100m and 50m as part of the "zoom" capability of the Company's proprietary software.

All survey lines (Table 1) were GPS marked per every 25 "shots" during each survey, and these recorded points were saved as individual waypoints and downloaded at the end of the survey.

Line	Actual (m)	Comments
Line 1	520	
Line 2	815	
Line 3	1,590	
Line 4	1,594	
Line 5	1,540	Path to match access in crop used
Line 6	1,174	
Line 7	1,312	
Line 8	1,619	Part line was off grid
Line 8A	1,250	Redo Line 8 to replace off-grid line
Line 9	1,257	
Line 10	660	Unable to complete full planned line due to young crop and wet clay
Line 11	922	
Line 12	1,120	
Total	15,373	

Table 1: Survey Lines

As described previously, each DGPR survey line represents a 2D vertical slice of the sub-surface (Annexure 1). Where anomalies share common characteristics, they can be grouped (composited) and extrapolated laterally across several lines forming targets, as exemplified in Figure 2.

The surveyed lines at Bell Valley were intentionally designed to lie over earlier shallow aircore drilling, to assist and constrain the interpretation in tandem with geological, structural, drilling and surface geochemical data. In a couple instances' lines were offset by recent cropping.

DGPR results – Bell Valley

Several key anomalies were identified in the DGPR survey at Bell Valley (Figure 1). Each is thought to represent irregular quartz stockworks, sheeted quartz veining and/or disseminated sulphides plausibly associated with Late Ordovician porphyry mineralisation styles. Other styles present could include structurally controlled quartz veining.

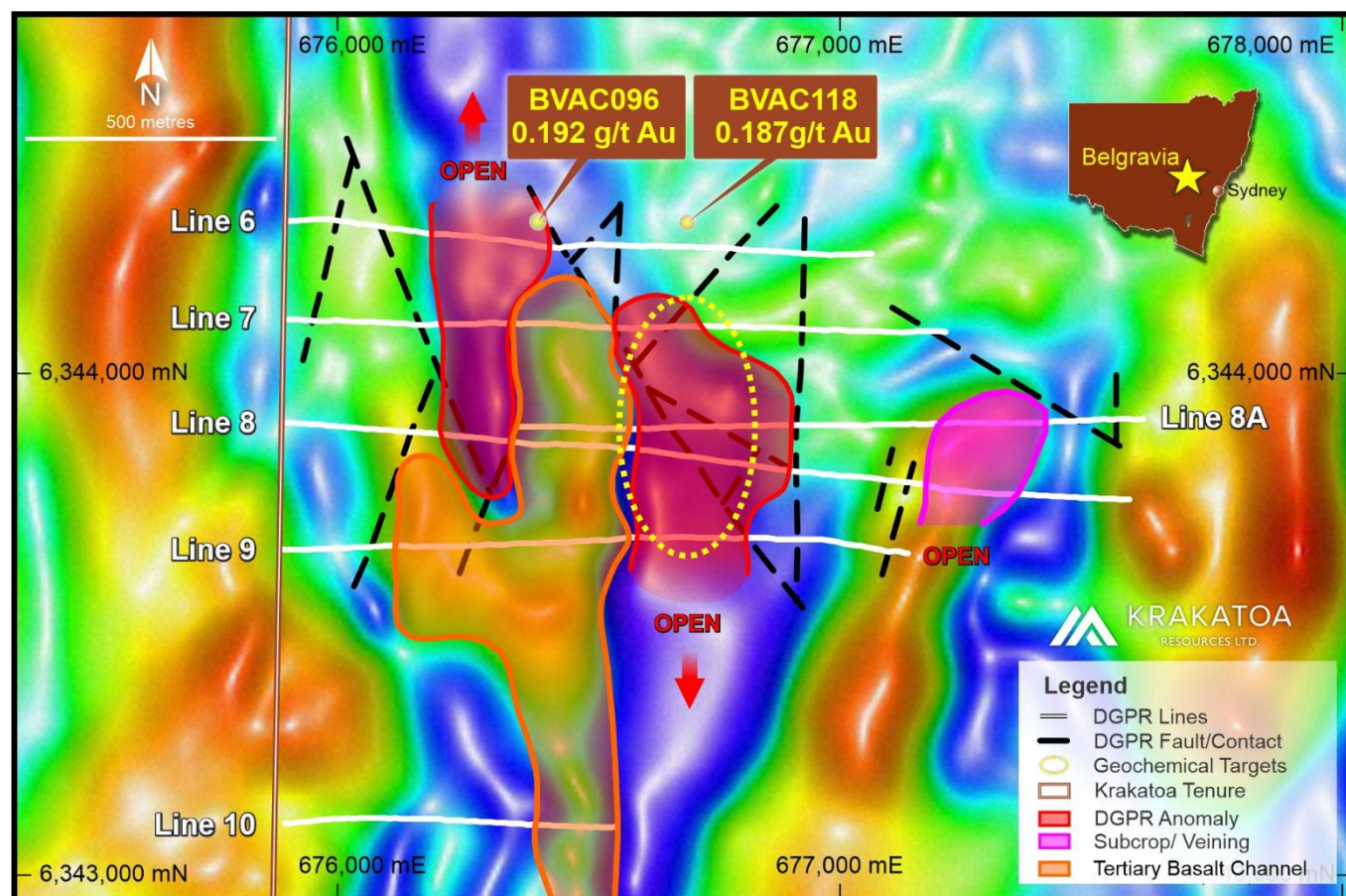


Figure 2: DPGR survey (white lines) across the Bella Target Area with composite representation of DGPR anomalies (red polygons) exhibiting the significant correlation with geochemistry, geological structure and the magnetic low feature known to control mineralisation.

Three of the composite DGPR anomalies lie over or adjacent to previously delineated and reported interpreted porphyry-style Bella and the Lara 1 and 2 targets. The anomalies at Bella and the Lara 1 and 2 coincide directly with drill-indicated mineral alteration and anomalous multielement geochemistry, key geological features including interpreted structure or lithological contacts, interpreted discrete magnetic features, including the low magnetic signature which is observed to control or influence the location of mineralisation at the Copper Hill deposit and several additional prospects. Drill-indicated gold mineralisation in quartz gravels preserved beneath Tertiary basalt coincides with the western DGPR anomaly and lies just north (downstream) of the actual (eastern) Bella anomaly (Figure 2). A composite DGPR anomaly also lies in the southwest of the Bell Valley target area, the closest to Copper Hill.

The Company considers the economic potential for copper-gold mineralisation associated with a porphyry in the Bell Valley area may lie at depth (>200m) and the DGPR supports high-grade copper-gold veins potentially extending upwards from a porphyry source forming a secondary target at shallower levels.

An induced polarisation (IP) survey to locate zones of sulphide mineralisation as detected by DGPR, will be completed at Bella and the Lara's. The IP will focus future diamond drilling at these prospects.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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

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.

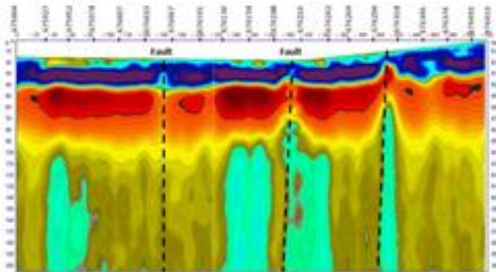
Competent Persons Statement

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.

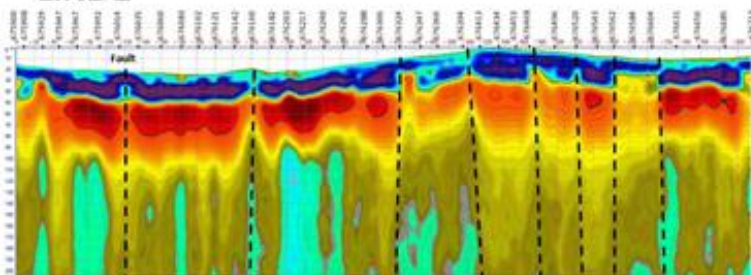


Annexure 1: 2D vertical slice of the sub-surface geology with interpretations

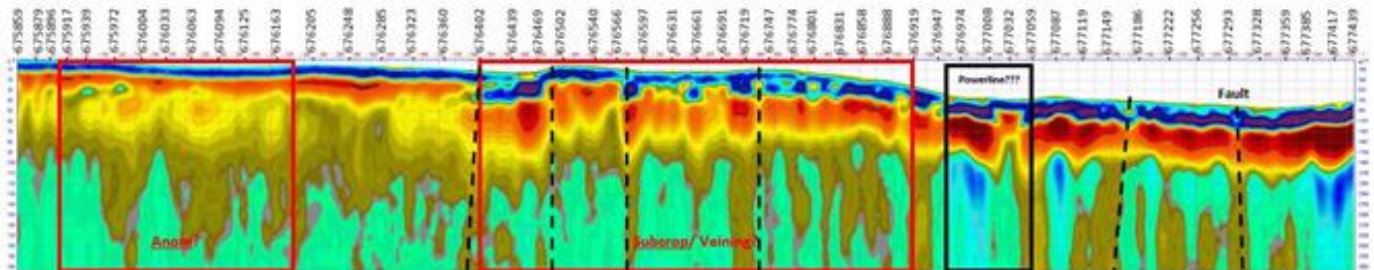
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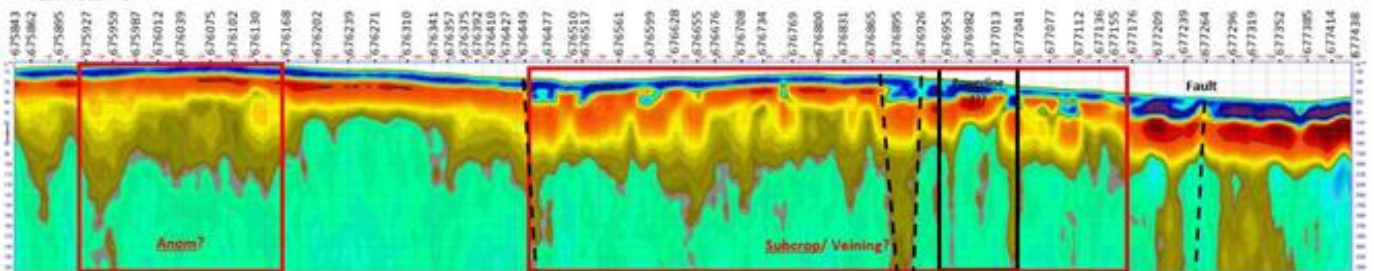
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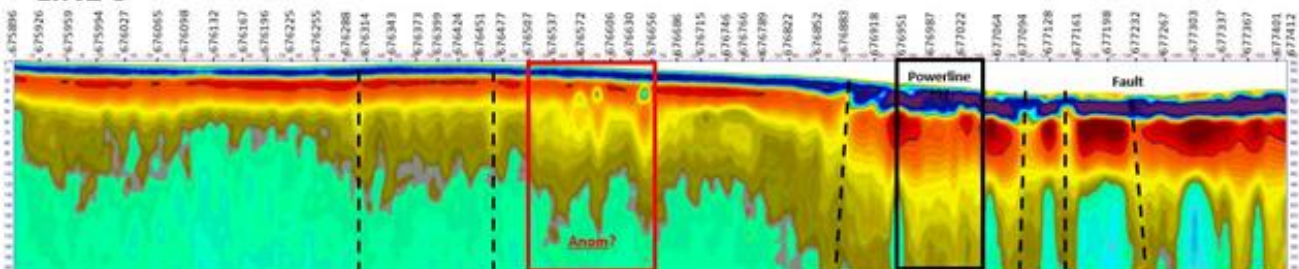
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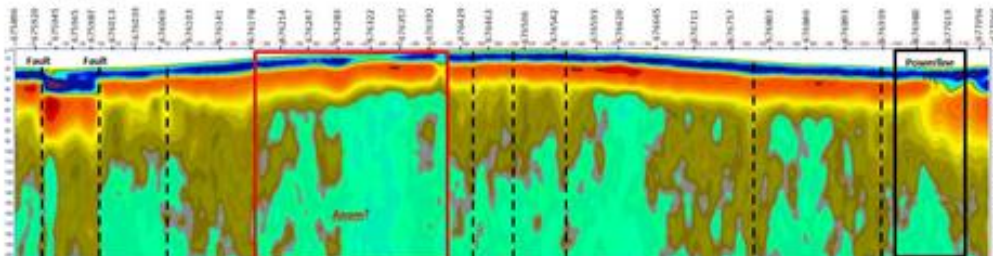


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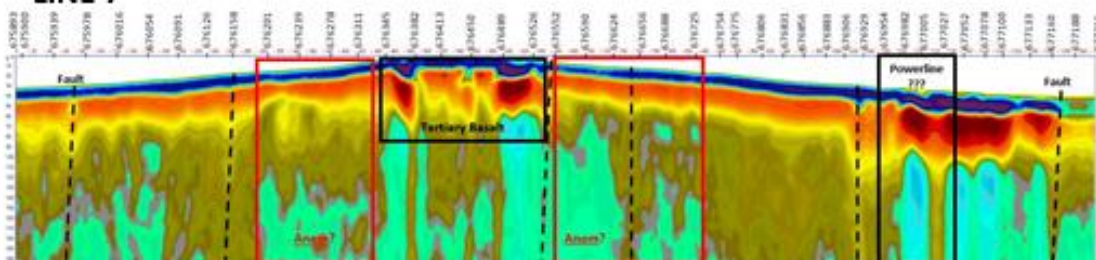




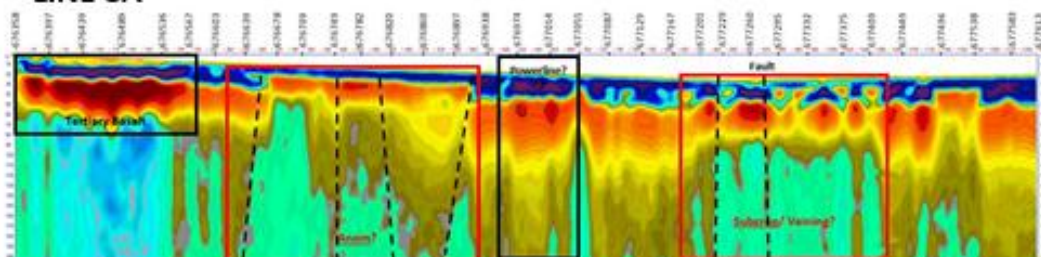
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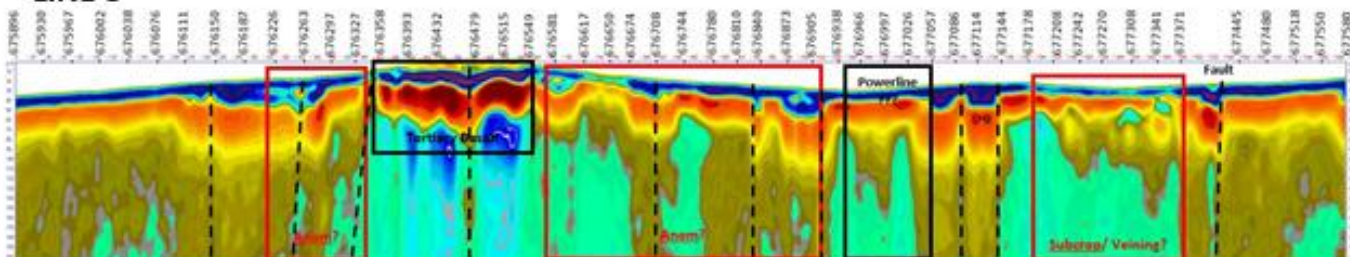
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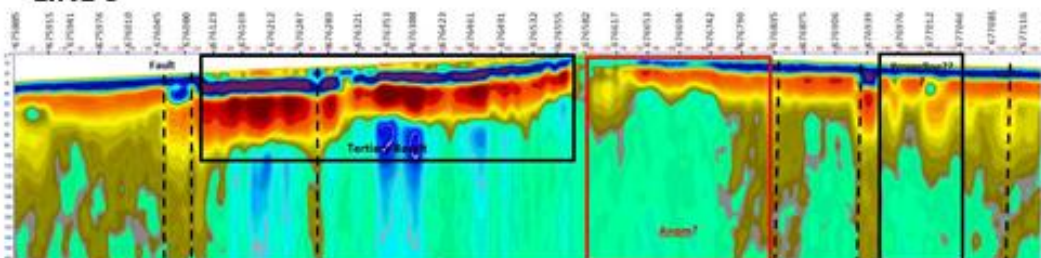
LINE 8A



LINE 8

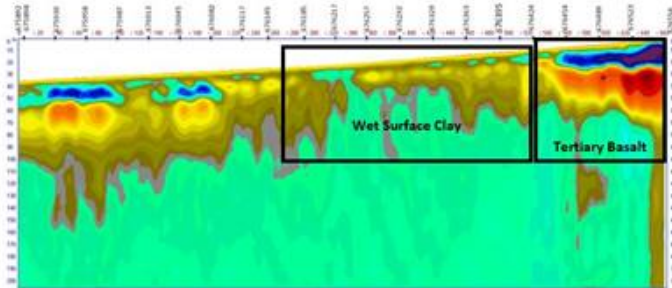


LINE 9

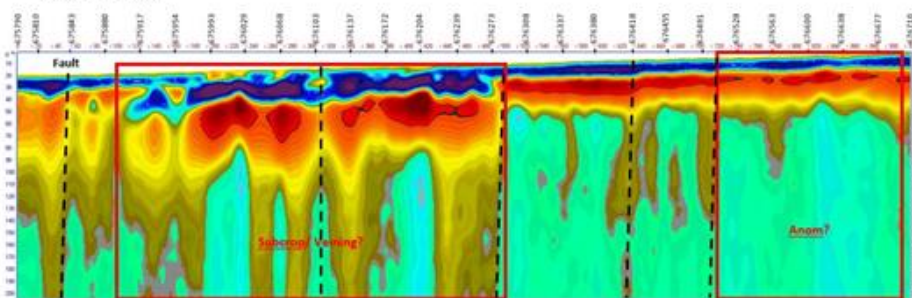




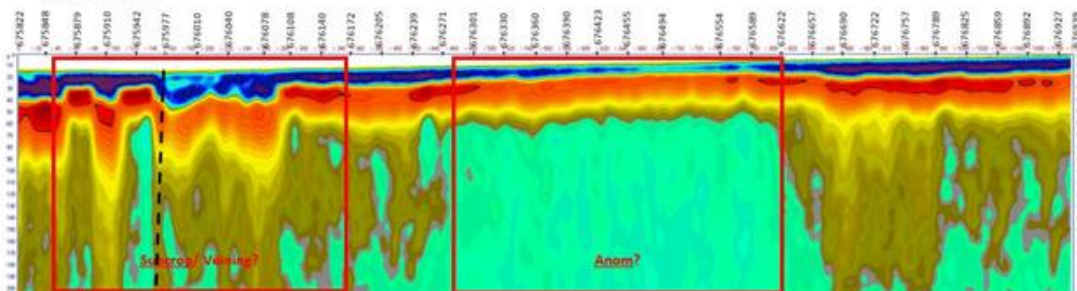
LINE 10



LINE 11

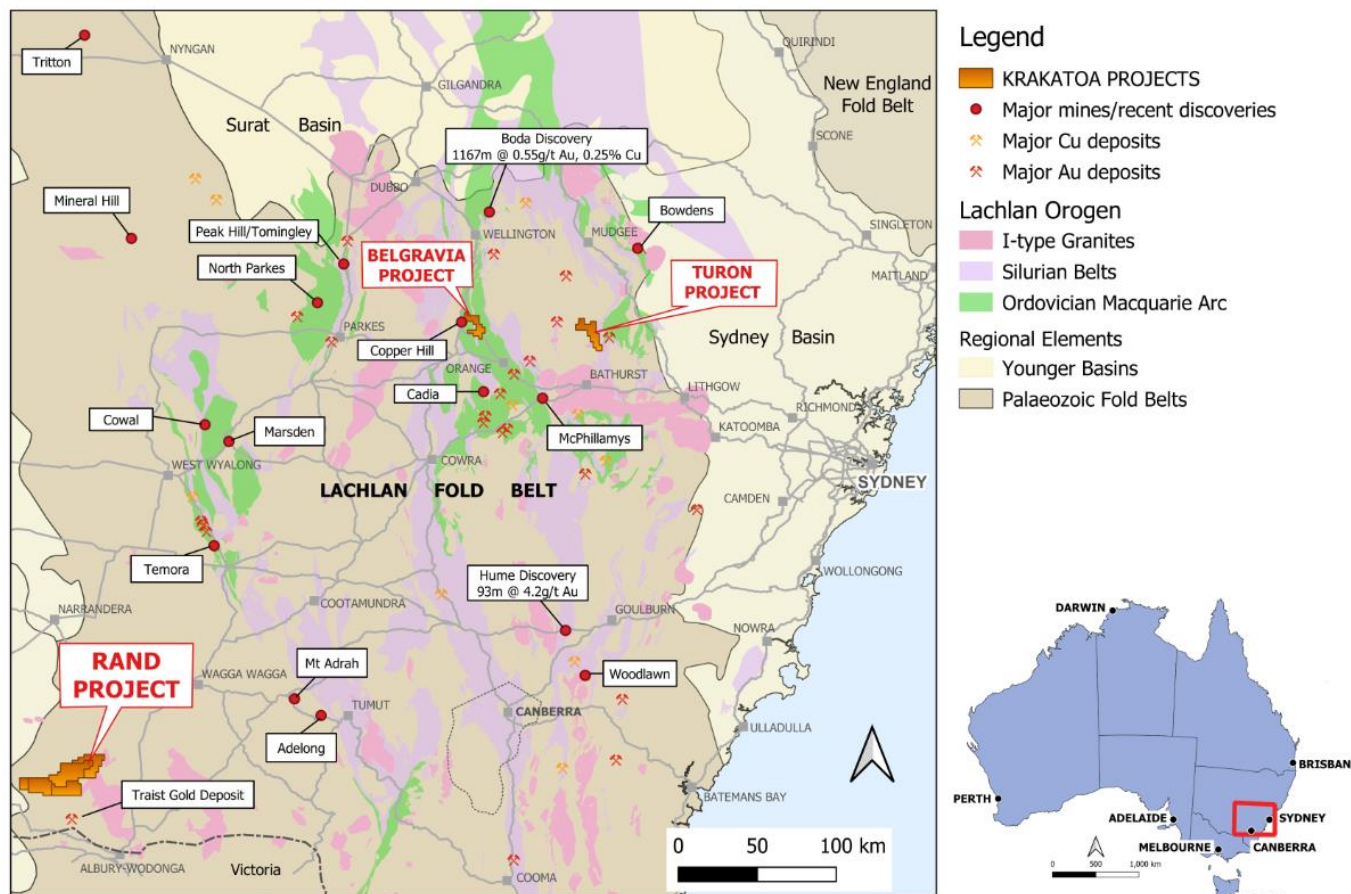


LINE 12



ABOUT KRAKATOA:

Krakatoa is an ASX listed public Company predominately focused on gold exploration in the world class Lachlan Fold Belt, NSW across three projects: Belgravia, Turon and Rand.



Belgravia Project (100%):

The Belgravia Project covers an area of 80km² and is in the central part of the Molong Volcanic Belt (MVB), East Lachlan province, between Newcrest Mining's Cadia Operations and Alkane Resources Boda Discovery. The Project has six initial target areas considered highly prospective for porphyry Cu-Au and associated skarn Cu-Au, with Bell Valley and Sugarloaf representing the two most advanced target areas. Bell Valley contains a considerable portion of the Copper Hill Intrusive Complex, the interpreted porphyry complex which hosts the Copper Hill deposit (890koz Au & 310kt Cu) and has highly prospective magnetic low features spanning 6km. Sugarloaf contains a 900m Deep Ground Penetrating Radar anomaly located within a distinctive magnetic low feature considered characteristic of a porphyry-style deposit and co-incident with anomalous rock chips including 5.19g/t Au and 1.73% Cu.

Turon Project (100%):

The Turon Project covers 120km² and is located within the Lachlan Fold Belt's Hill End Trough, a north-trending elongated pull-apart basin containing sedimentary and volcanic rocks of Silurian and Devonian age. The Project contains two separate north-trending reef systems, the Quartz Ridge and Box Ridge, comprising shafts, adits and drifts that strike over 1.6km and 2.4km, respectively. Both reef systems have demonstrated high grade gold anomalism (up to 1,535g/t Au in rock chips) and shallow gold targets (up to 10m @ 1.64g/t Au from surface to end of hole) that warrant detailed investigation.

Rand Project (100% - application)

The Rand Project covers an area of 580km², located approximately 60km NNW of Albury in southern NSW. The Project has a SW-trending shear zone that transects the entire tenement package forming a distinct structural corridor some 40 km in length. The historical Bulgandra Goldfield, which is captured by the Project, demonstrates the project area is prospective for shear-hosted and intrusion-hosted gold. Historical production records show substantial gold grades, including up to 265g/t Au from the exposed quartz veins in the Show Day Reef.

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.	- Deep Ground Penetrating Radar (DGPR) ground survey acquired by Loza Radar Australia (LRA). - Thirteen lines for a total of 15,373m, East-West traverses at nominal 200m and 400m spacings. - Along line DGPR sampling at 1m. 2m accuracy GPS sample location recorded every 25m. - Deep GPR Loza instrumentation @25 MHz employed. - In-line 6m antenna configuration for maximum depth penetration. - Post processing and profile generation completed by LRA utilising proprietary software. - LRA provided raw and processed datasets for archive as well as Bitmap DGPR profiles for integration with existing exploration datasets.
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).	N/A
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 loss/gain of fine/coarse material.	N/A
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,	N/A

Criteria	JORC Code explanation	Commentary
	channel, etc) photography. The total length and percentage of the relevant intersections logged.	
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.	N/A
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.	N/A
Verification of sampling and assaying	- 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.	Raw, Located, and profile Bitmap data stored in digital format by the company.
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.	The DGPR survey was acquired in MGA94Z55 with an accuracy of 2m.
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	- Data spacing is suitable for the exploration stage, which is mostly at the reconnaissance level - The work completed was appropriate for the exploration stage

Criteria	JORC Code explanation	Commentary
	<i>Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i>	
Orientation of data in relation to geological structure	• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i>	• N/A
Sample security	• <i>The measures taken to ensure sample security.</i>	• N/A
Audits or reviews	• <i>The results of any audits or reviews of sampling techniques and data.</i>	• 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	- 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.	- 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	Acknowledgment and appraisal of exploration by other parties.	There are no other DGPR surveys by other parties in the tenement area.
Geology	Deposit type, geological setting and style of mineralisation.	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	- 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 the understanding of the report, the Competent Person should clearly explain why this is the case.	N/A.
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	N/A

Criteria	JORC Code explanation	Commentary
	<i>aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>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').</i>	N/A
Diagrams	<i>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.</i>	- The pertinent maps for this stage of project are included in the release. - Co-ordinates in MGA94Z55
Balanced reporting	<i>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.</i>	N/A
Other substantive exploration data	<i>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.</i>	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	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Integration of the DGPR dataset with future geophysical, geochemical sampling and geological mapping will be ongoing.