



16 July 2018

Geochemical Survey commences at Mac Well



Board:

Colin Locke (Exec. Chairman)

David Palumbo (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

117,500,000 Fully Paid Shares

52,500,000 Options @ 10c exp 31/05/19

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

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

ASX Codes:

KTA, KTAOB

Projects

Corkill-Lawson, Ontario, Ag-Co-Ni

Farr, Ontario, Ag-Co-Ni

Dalgaranga, WA, Ta-Li-Rb

Mac Well, WA, Beryl

- ***Desktop review of historical exploration at Mac Well identifies the potential for saprolitic nickel-cobalt and pegmatite hosted lithium and beryl***
- ***Underexplored project area historically constrained by thick lateritic soil and alluvium cover***
- ***Multiple target areas generated with a geochemical sampling program commenced over three target zones***
- ***Mac Well Project adjacent to a recent application (E59/2311) made by Rio Tinto Exploration Pty Ltd***

Krakatoa Resources Limited ("Krakatoa" or the "Company") (ASX: KTA) is pleased to announce that it has completed a desktop review of its 100% owned Mac Well Project with multiple areas identified as prospective for saprolitic nickel-cobalt and pegmatite-hosted lithium and beryl.

The Mac Well Project (E59/2175) covers a land area of 66.9km² and is located 10km west of the Company's Dalgaranga Project. Rio Tinto Exploration Pty Ltd (Figure 1) recently made an exploration application (E59/2311) adjacent to the Mac Well tenement (Figure1).

The Project covers the southwestern parts of the Warda Warra Greenstone Belt in the Murchison Region of Western Australia. The N-S-trending Warda Warra Belt hosts the Western Queen gold mine and is largely mantled by pisolite gravels and sands associated with the Sandford River catchment.

Previous field observations by Krakatoa noted that numerous large greenstone xenoliths exist either as roof pendants or unassimilated inclusions of country rock in granite.

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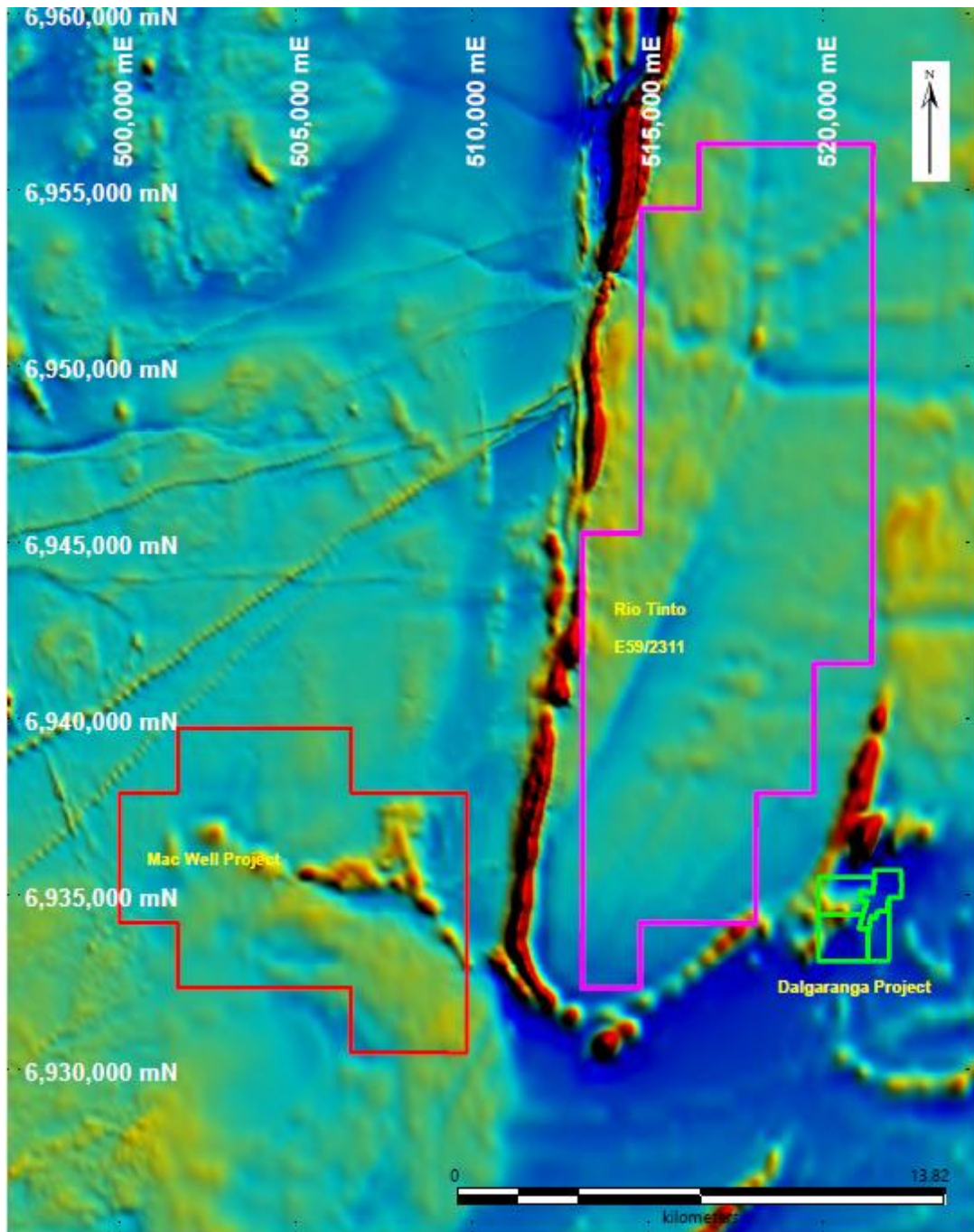


Figure 1: Mac Well and Dalgaranga Projects over WA 20m Mag Merge background

The Company identified three target zones in a desktop review on which mobile metal ion (MMI) soil geochemistry sampling has commenced. A summary of the target zones is set out below.

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Zone 1: Internal Granite Body Pegmatite

Porphyritic granite (unit Agp, Figure 2) is exposed in an arc from the south-eastern to the western side of the tenement. Approximately 400m spaced lines, and closing-up in areas of interest will test for lithium enrichment along the length of the arc.

Zone 2: Distal Pegmatite

Zone 2 comprises target areas 1, 2 and 12 (Figures 2 and 3), which includes previously drill indicated pegmatite. Previous explorers targeted magnetic features beneath cover and assayed for Au, As, Bi, Cu and Ni only.

MMI soils will cover each target on the proposed sample spacing of 100m spaced lines with 50m centres.

Target Area 1 includes 10 to 40m drilled thicknesses of pegmatite mantled by some 10m of alluvial sands and gravels.

Target Area 2 includes a 12m thickness of drilled pegmatite under about 15m of cover.

Target Area 3 comprises three pairs of sample lines.

Zone 3: The Contact Zone.

The zone comprises target areas 5, 6 and 13 (Figures 2 and 3) lie along the contact between felsic intrusive and iron-rich mafic and ultramafic units. Pegmatite invades the contact between the rock packages. Prior sampling delineated gold in soil anomaly at Area 13 with ~140 samples planned for target areas 5, 6 and 13.

The Company anticipates the program will take approximately one week: the samples will be submitted to SGS for assay on completion.

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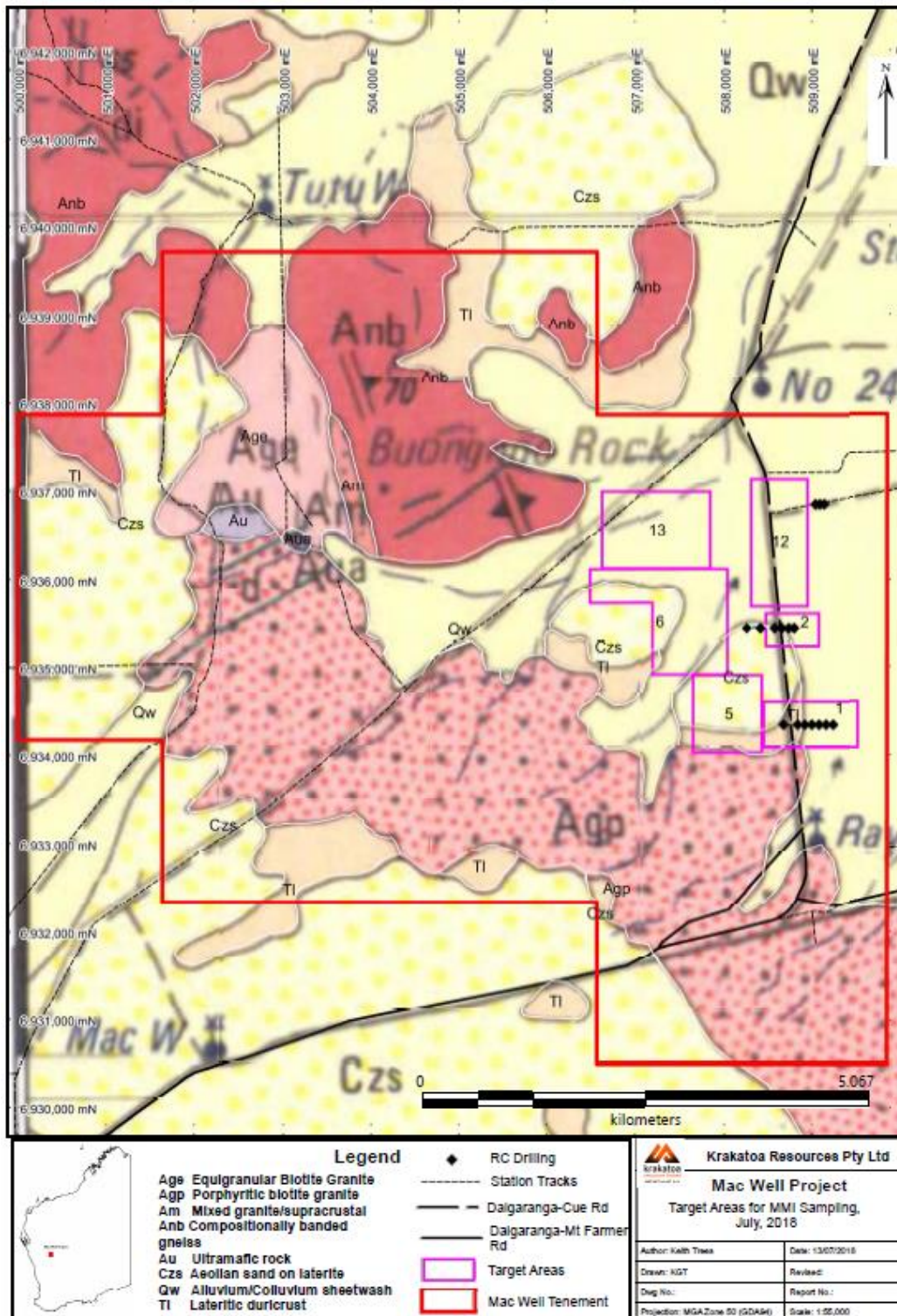


Figure 2: Target Zones 2 and 3 over geology background

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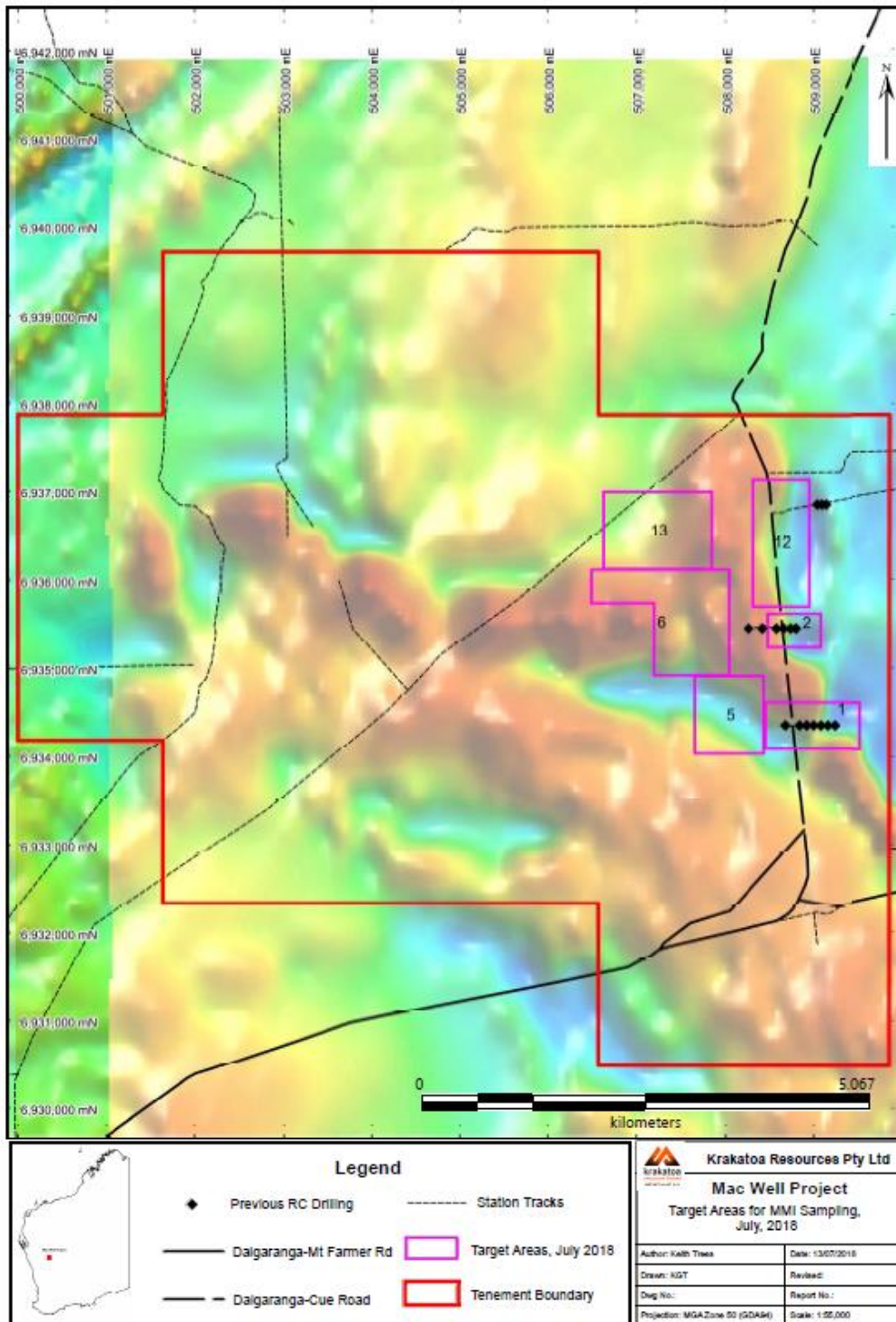


Figure 3: Target Zones 2 and 3 over TMI magnetics background

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FOR FURTHER INFORMATION:

Colin Locke

Executive Chairman

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Competent Persons Statement: Jonathan King

The information in this announcement is based on information compiled by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Collective Prosperity Pty Ltd, and is an accurate representation of the available data and studies of the claim blocks. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person, as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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