

9 June 2020

DGPR results solidify Sugarloaf as a Drill Ready Target

- ***Deep Ground Penetrating Radar (DGPR) identifies seven anomalies across the Sugarloaf Target Area, forming two separate polygons striking over 900m and 500m respectively***
- ***Sub-surface DGPR anomalies are interpreted to represent quartz stockworks, sheeted quartz veining and disseminated sulphides plausibly associated with porphyry-style Cu-Au or related styles of mineralisation***
- ***DGPR results at Sugarloaf support the previously recognised prospectivity and solidifies the area as drill-ready, noting the interpreted polygons:***
 - ***Are located within a distinctive magnetic low feature considered characteristic of a porphyry-style deposit such as the Copper Hill (890koz Au & 310kt Cu)¹***
 - ***Capture previously announced anomalous rock chips, including the float sample grading 5.19g/t Au and 1.73% Cu***
 - ***Include significant interpreted faults and shears featuring recognised proximal alteration (silica-flooding and jasperoid)***
 - ***Coincident with a previously identified NE-trending linear feature***
- ***DGPR across the Bell Valley Target Area currently being interpreted and integrated with air core drilling results announced on 22 April 2020; results imminent***

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is delighted to announce results for its recent Deep Ground Penetrating Radar (DGPR) survey at its Sugarloaf Target Area, Belgravia Project, Molong Volcanic Belt, NSW.

A total of seven anomalies were identified through the DGPR survey at Sugarloaf. These anomalies occur across multiple survey lines and ultimately form two separate polygons striking over 900m and 500m respectively. With the previously announced high-grade chip result, reporting **5.19g/t gold** and **1.73% copper** derived within the longer DGPR polygon, the Company considers the DGPR survey has solidified Sugarloaf as a drill-ready target.

Krakatoa's Executive Chairman, Colin Locke, stated, "We are delighted with the DGPR results that have put the icing on the cake at Sugarloaf by reinforcing its drill readiness. The interpreted sub-surface anomalies appear directly under an appreciable magnetic low where surface rocks of high grade have already been reported. We look forward to sharing the DGPR survey results for Bell Valley with investors as soon as possible."

¹ Golden Cross Resources (ASX: GCR) announcement dated 24 March 2015 reporting 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)



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

DGPR Program

Krakatoa contracted Loza Radar Australia (LRA) to undertake a deep ground penetrating radar (DGPR) survey across selected areas at Belgravia to map the sub-surface geology and provide evidence of favourable hosting environments for mineralisation. The survey acquired a total of 21,183m, comprised of 15,373m across 13 lines at Bell Valley and 5,810m across 5 lines at Sugarloaf.

The DGPR survey at the Sugarloaf Target Area was completed across a distinctive magnetic low feature considered as characteristic of a porphyry-style deposit (Figure 1). Identification of the magnetic low followed a reinterpretation of regional aeromagnetic data (announced 9 February 2020). It was confirmed and refined through a later detailed airborne geophysical survey (announced 20 May 2020). The Company notes the critical relationship between the location of mineralisation and the expression of magnetic low features (outlined in orange) with the Copper Hill deposit (**890koz Au & 310kt Cu**)¹ and several additional prospects lying within a discrete magnetic low.

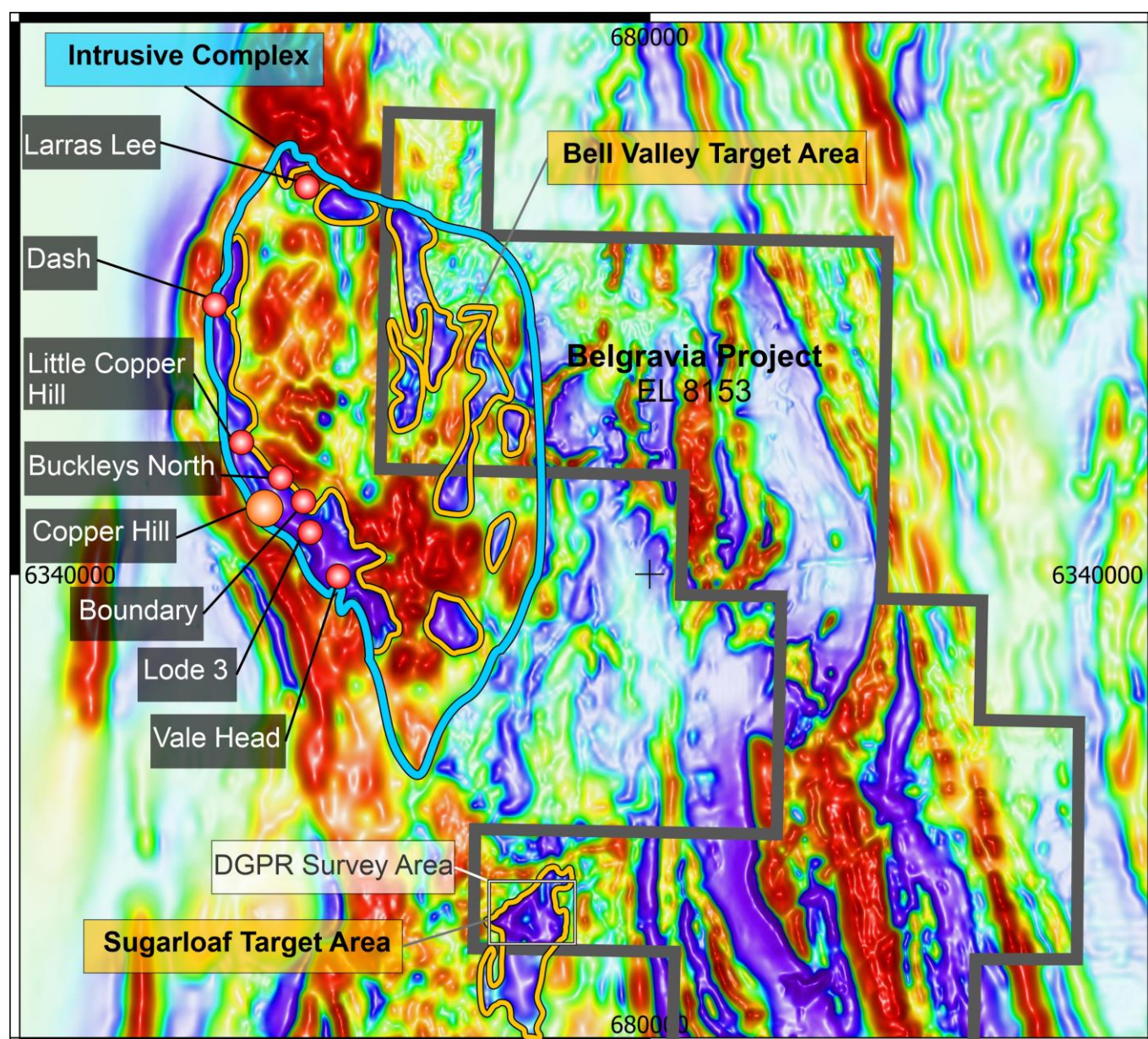


Figure 1: Processed Aeromagnetic Imagery & Interpreted Magnetic Low Target Features

DGPR interpretation results - Sugarloaf

The DGPR interpretation across Sugarloaf has identified seven critical anomalies thought to represent irregular quartz stockworks, sheeted quartz veining and disseminated sulphides plus structurally-controlled quartz veining associated with Late Ordovician porphyry mineralisation styles. A further series of five anomalies correspond with and may be due to the powerline that transects the survey area.

The DGPR profile represents a 2D vertical slice of the sub-surface (Figure 3). Where anomalies share common characteristics, they can be grouped and extrapolated laterally forming cohesive targets. This work has resulted in the identification of 2 separate polygons, respectively, striking over 900m and 500m (Figure 2). The longer polygon coincides with a NE-trending linear (fault/shear), carries alteration minerals known to be associated with porphyry-mineralisation elsewhere (e.g. Cadia) and features economic grade (**5.19g/t Au and 1.73% Cu**) returned from locally-derived float (previously announced on 14 April 2020).

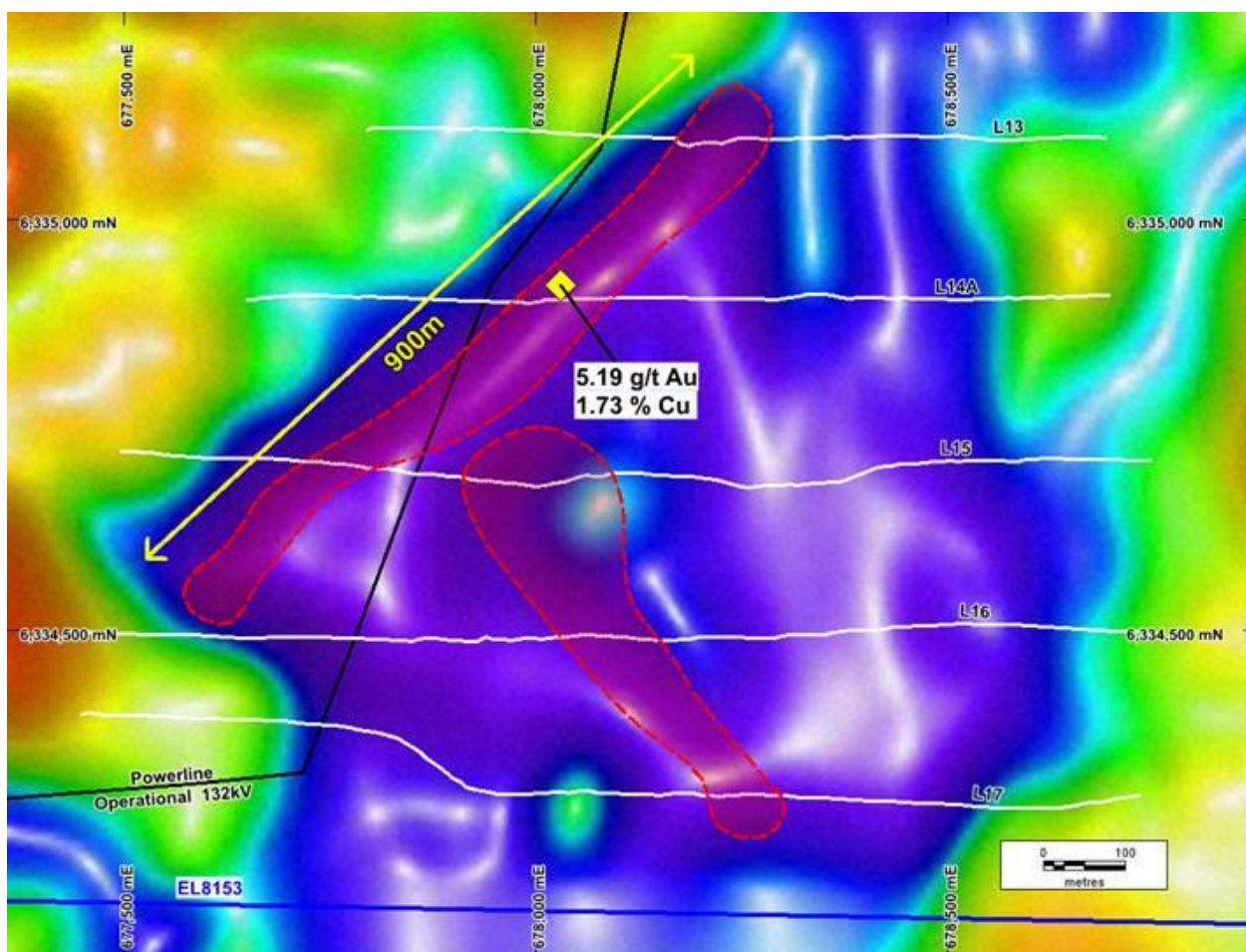


Figure 2: DPGR survey (white lines) across the Sugarloaf Target Area with composite representation of DGPR anomalies (purple polygons) identified in Figure 3

Within the 2D vertical slices (Figure 3), the thick orange to red-coloured areas represent slabs of Ordovician bedrock. The overlying blue to purple zones represent weathering profiles developed in the underlying bedrock, and the yellow veneer represents the soil profile developed at surface. Dislocations or displacements in signal continuity represent features like faults, quartz veins or both.

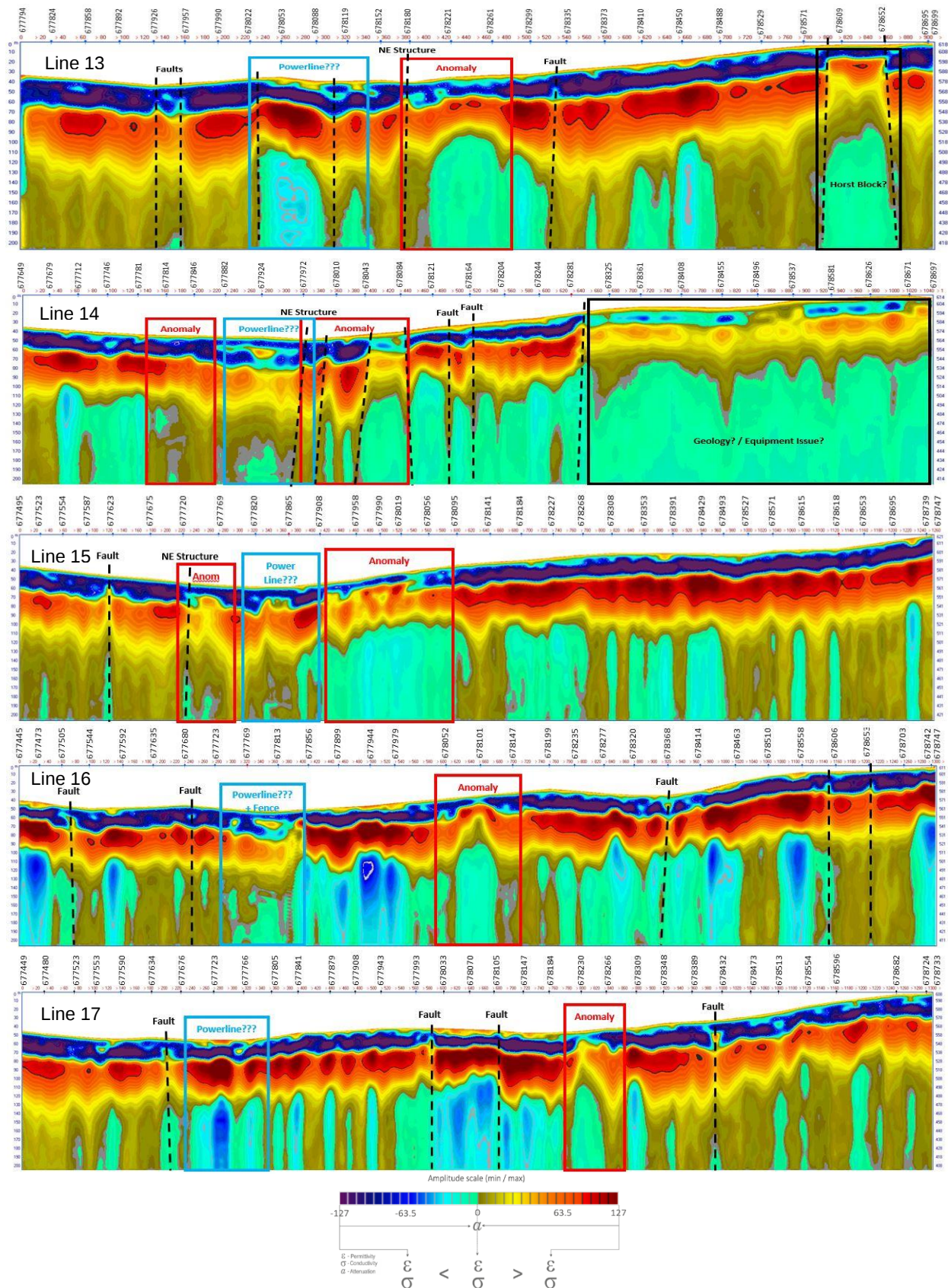


Figure 3: DGPR 2D vertical slice of the sub-surface geology with interpretations

Working hypothesis: Sugarloaf

The Company considers the economic potential for copper-gold mineralisation associated with a porphyry may lie at depth (>200m); best exemplified in the expression of the magnetic response. The Company also believes that a shallower initial target lies in the high-grade copper-gold veins that may extend towards the surface from a deeper porphyry source; best exemplified in the DGPR, observed mineral alteration and existing geochemistry. Thus *Sugarloaf presents the geological characteristics, geochemical signature and geophysical expression of a porphyry copper-gold deposit.*

DGPR interpretation results – Bell Valley

The DGPR results across the Bell Valley Target Area will be released as soon as processing and interpretation in tandem with geological, structural, drilling and surface geochemical data is complete.

Survey Parameters and Background

Ground-penetrating radar (GPR) uses a variable frequency (e.g. 25 to 1,500 MHz) EM pulse transmitted from a radar antenna to probe the earth. The transmitted radar pulses are reflected from various interfaces within the ground, and this return is detected by the radar receiver. It exploits contrasts in electromagnetic properties (dielectric permittivity, electrical conductivity, and magnetic permeability) to define sub-surface structures associated directly or indirectly with the style of mineralisation that the Company is exploring. Reflecting interfaces may be soil horizons, the groundwater surface, soil/rock interfaces, man-made objects, or any other interface possessing a contrast in dielectric properties. The dielectric properties of materials correlate with many of the mechanical and geologic parameters of the materials.

Only Low-Frequency Systems using specific acquisition parameters (6-metre antenna x 25 Mhz) developed by LRA were used on the Company's prospects. 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 LRA's proprietary software.

Each survey was GPS marked per every 25 "shots" and saved as individual waypoints for all survey lines.

DGPR was selected over electrical methods (ground EM and IP) because of its low impact and smaller footprint, ease of setup and rapid data collection, capacity to resolve geology to reasonable depths (~200 vertical metres) and the ability to work mostly year-round. Several of these issues are paramount when exploring in privately held farming country.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

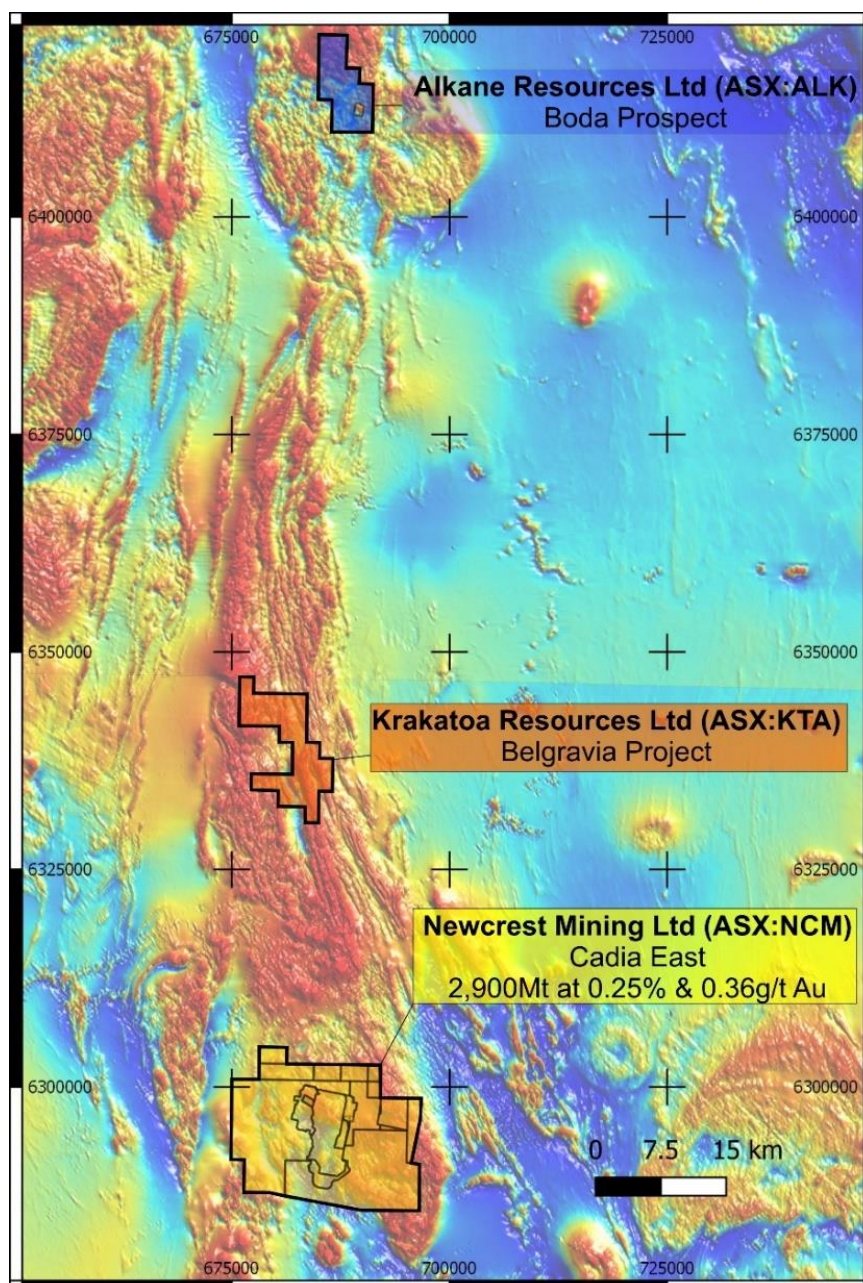
Colin Locke
Executive Chairman
+61 457 289 582
locke@ktaresources.com

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 target areas 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.



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.

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). - Five lines for 5,810m East-West traverses at nominally 200m spacing. - 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 configuraton for maximum depth penetration. - Post processing and profile generation completed by LRA utilising propriety 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	N/A



KRAKATOA

RESOURCES LTD.



www.ktaresources.com



ASX Code
KTA, KTAOC

Criteria	JORC Code explanation	Commentary
	<i>fine/coarse material.</i>	
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, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	N/A
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,	Raw, Located, and profile Bitmap data stored in digital format by the Company.



KRAKATOA

RESOURCES LTD.



www.ktaresources.com



ASX Code
KTA, KTAOC

Criteria	JORC Code explanation	Commentary
	<i>data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i>	
Location of data points	• <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i>	• The DGPR survey was acquired in MGA94Z55 with an accuracy of 2m.
Data spacing and distribution	• <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i>	• Data spacing is suitable for the exploration stage, which is mostly at the reconnaissance level • The work completed was appropriate for the exploration stage
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 Lochlan 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.



KRAKATOA

RESOURCES LTD.



www.ktaresources.com



ASX Code
KTA, KTAOC

Criteria	JORC Code explanation	Commentary
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 aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• N/A
Relationship between mineralisation widths and intercept lengths	• 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').	• N/A
Diagrams	• 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.	• The pertinent maps for this stage of project are included in the release. • Co-ordinates in MGA94Z55
Balanced reporting	• 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	• 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.	• 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

Criteria	JORC Code explanation	Commentary
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 geochemical sampling and geological mapping will be ongoing.