

16 June 2021

1st Phase Drilling Commences at the Sugarloaf Cu-Au Target

- Air-core drilling has commenced at Belgravia's much anticipated Sugarloaf Cu-Au target
- Located 7 kms SE of the 890,000oz Au and 310,000t Cu Copper Hill deposit
- This maiden program consists of circa 40 holes to blade refusal depth
- Targets have been defined using the deep ground penetration radar (DGPR) survey, soil geochemistry and magnetic inversion data.
- Shallow drilling will test the near-surface expression of:
 - a distinctive magnetic feature characteristic of a porphyry-style deposit
 - areas with anomalous soil geochemistry and rock chips grading up to 5.19g/t gold and 1.73% Cu;
 - significant interpreted structures with broad demagnetized (interpreted) alteration zones; *and*
 - areas of mapped alteration (silica-flooding and jasperoid) coincident with a previously identified NE-trending linear feature.
- A large soil geochemical sampling program has commenced with over half the samples already taken.

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to report the commencement of air-core (AC) drilling at the Sugarloaf porphyry Cu-Au Target, Belgravia Project, Lachlan Fold in NSW.

The Company has recently secured land access for its maiden air core (AC) drilling program at the Sugarloaf target area following a period of extensive negotiations. The current work program will comprise of approximately 40 AC drill holes and 700 soil sampling sites (Figure 1).

The Company has also completed 3-dimensional magnetic inversion modelling and undertook interpretation of all the exploration data which forms part of the ongoing systematic exploration program over these highly prospective targets.

The Sugarloaf prospect sits within the Lachlan Fold Belt's copper-gold province within an Ordovician volcanic belt which hosts Copper Hill, Browns Creek, Cadia and the Boda discovery. Sugarloaf is located 7 kms SE of the Copper Hill Deposit that contains 890,000oz gold and 310,000t copper (*GCR ASX announcement 19 January 2021) (Figure 2).



ASX Code
KTA, KTAOC

Capital Structure

278,950,000 Fully Paid Shares
82,800,000 Options @ 5c exp 31/07/21
5,000,000 Options @ 7.5c exp 31/07/21
16,200,000 Options @ 7.5c exp 29/11/23
15,000,000 Performance Rights at 20c, 30c and 40c.

Directors

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Krakatoa's CEO, Mark Major commented; "We are extremely delighted to have conditional access to the Sugarloaf land to undertake the initial air core drilling and test the shallow geological features and other areas of interest.

This drilling, along with the expansion of the soil survey will assist with the deeper porphyry vectoring. Cultural features have limited the use of electrical geophysics practices so the use of DGPR in conjunction with soil geochemistry, 3D magnetic inversion modelling, along with the high-grade rock chips geochemistry has enhanced our targeting over this project. The AC drilling will test the weathered basement interface which will enable better vectoring of the proposed deeper porphyry drilling and potentially highlighting areas where mesothermal or skarn related systems may be present closer to surface."

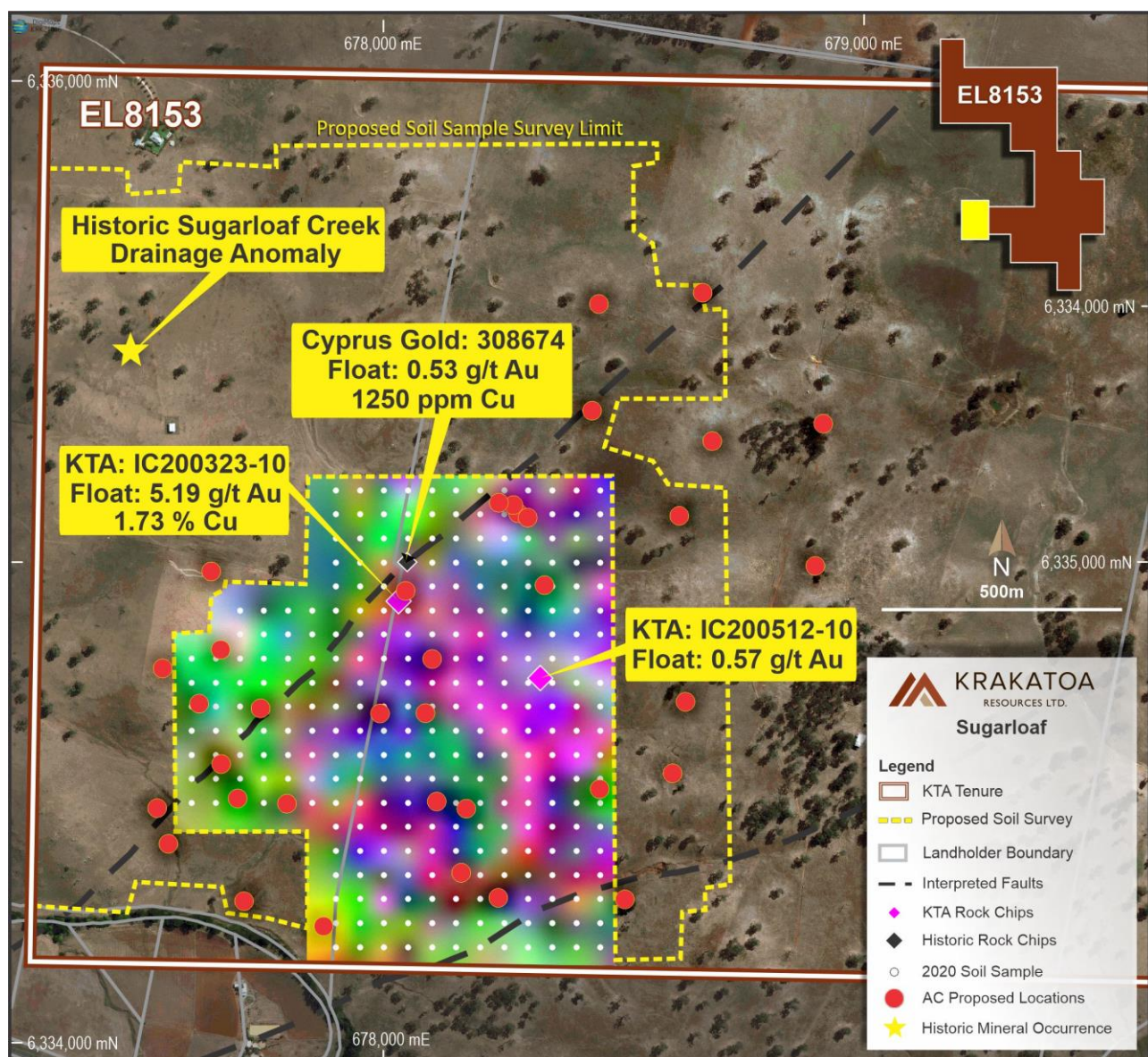


Figure 1 Proposed location of AC drill holes and expanded soil grid limits, over satellite image and soil geochemical ring anomalism.

Krakatoa has interpreted Sugarloaf as potentially representing a porphyry intrusion underlying the geophysical anomaly's centre with potential skarn mineralisation preferentially developed along the faulted northwest contact. Sugarloaf is also considered prospective for mesothermal vein gold deposits on splays to several significant faults and epithermal gold-silver and contact-metasomatic (skarn and other carbonate-replacement styles) gold-base metals deposits.

The Company has noted that due to close proximity of a high voltage powerline over the sugarloaf anomalies, the standard geophysical method of induced polarisation will not be undertaken.

The soil geochemical program is an extension of the 2020 soil program (ASX announcement 30 March 2020).

NEXT STEPS

On completion and review of the current AC drilling and soil programs, the Company will determine target zones for deeper drilling. This program is envisaged to be undertaken as soon as possible, subject to the land accessibility.

The Company considers the economic potential for copper-gold mineralisation associated with a porphyry may lie at depth (>200m). However, the Company believes high-grade copper-gold veins may extend upwards from a porphyry source forming a secondary target at perceivably shallower levels which will be investigated with the AC drilling, along with any deeper seated leakage zones.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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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.

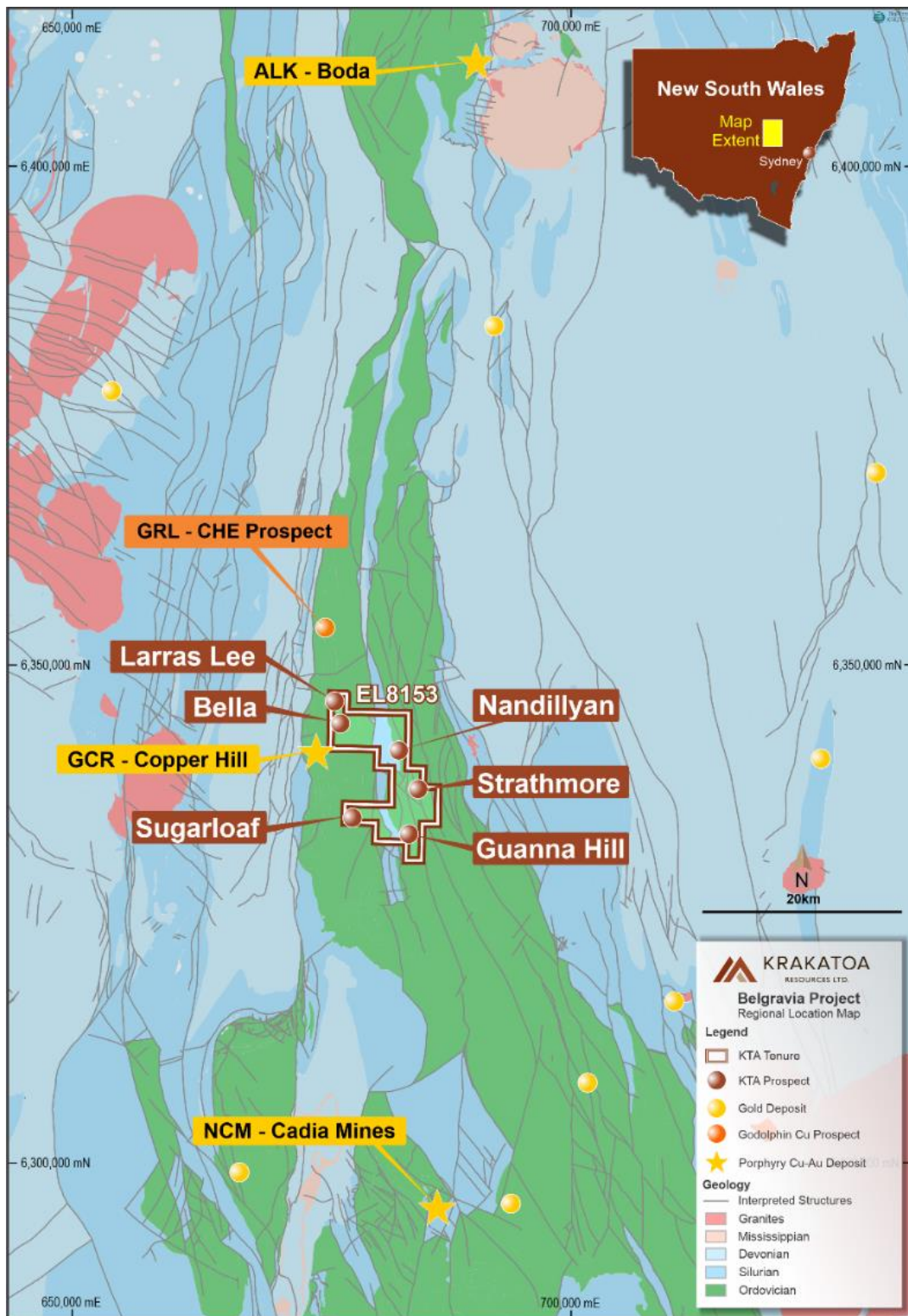


Figure 2 Belgravia Project showing prospects and known regional gold and copper deposits; over geology.

ABOUT KRAKATOA

Krakatoa is an ASX listed public Company focused on copper-gold exploration in the world class Lachlan Fold Belt, NSW and multielement metals including the increasingly valued rare earths in the highly prospective Narryer Terrane, Yilgarn Craton, WA.



Belgravia Cu-Au Porphyry Project (Krakatoa 100%); Lachlan Fold NSW

The Belgravia Project covers an area of 80km² and is located 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 target areas are 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 Gold Project (Krakatoa 100%); Lachlan fold NSW

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).

Rand Gold Project (100%); Lachlan Fold NSW

The Rand Project covers an area of 580km², centred 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 Bulgandry Goldfield, which is captured by the Project, demonstrates the project area is prospective for shear-hosted and intrusion-related gold. Historical production records show substantial gold grades, including up to 265g/t Au from the exposed quartz veins in the Show Day Reef.

Mt Clere REEs, HMS & Ni-Cu-Co, PGEs Project (100%); Gascoyne WA

The Mt Clere REE Project located at the north western margins of the Yilgarn Craton. The Company holds 1,780km² of highly prospective exploration licences prospective for rare earth elements, heavy mineral sands hosted zircon-ilmenite-rutile-leucoxene; and gold and intrusion hosted Ni-Cu-Co-PGEs. Historical exploration has identified the potential presence of three REE deposits types, namely, ion adsorption clays in extensive laterite areas; monazite sands in vast alluvial terraces; and carbonatite dyke swarms.

The information in this section that relates to exploration results was first released by the Company on 19 June 2019, 25 November 2019, 3 December 2019, 14 April 2020, 20 May 2020, 26 June 2020 and 6 July 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.