



7 October 2021

Major Developments at Dalgaranga Critical Metals Project, WA

- **Successful ballot win significantly expands Dalgaranga project**
- **Project highly prospective for Tantalum, Lithium, Niobium, Tungsten, Tin, and Rubidium**
- **Recent geophysical targeting has identified over 30 areas of interest, including abundant pegmatites**
- **Comprehensive data review and modelling of previous drilling around the Dalgaranga open pit underway to define near mine targets**
- **Soil and rock geochemical survey to be undertaken over the extensive southern pegmatite swarm and other high priority targets**



Looking south over pit bunding (centre right), with remnant ore and plant area shown.



ASX Code
KTA

Capital Structure

294,709,917 Fully Paid Shares
21,200,000 Options @ 7.5c exp 29/11/23
15,000,000 Performance Rights at 20c, 30c and 40c.

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Krakatoa Resources Limited (ASX: KTA) (“Krakatoa” or the “Company”) is pleased to provide an update on the Company’s Dalgaranga critical metals project. The Company was granted an additional exploration license E 59/2389 in June and was recently first drawn in a ballot over numerous graticular blocks within the application of exploration license 59/2503 (Figure 1). Both areas significantly expand the exploration potential around the historic Dalgaranga tantalum mine including the known (previously mapped) pegmatite swarms to the south.

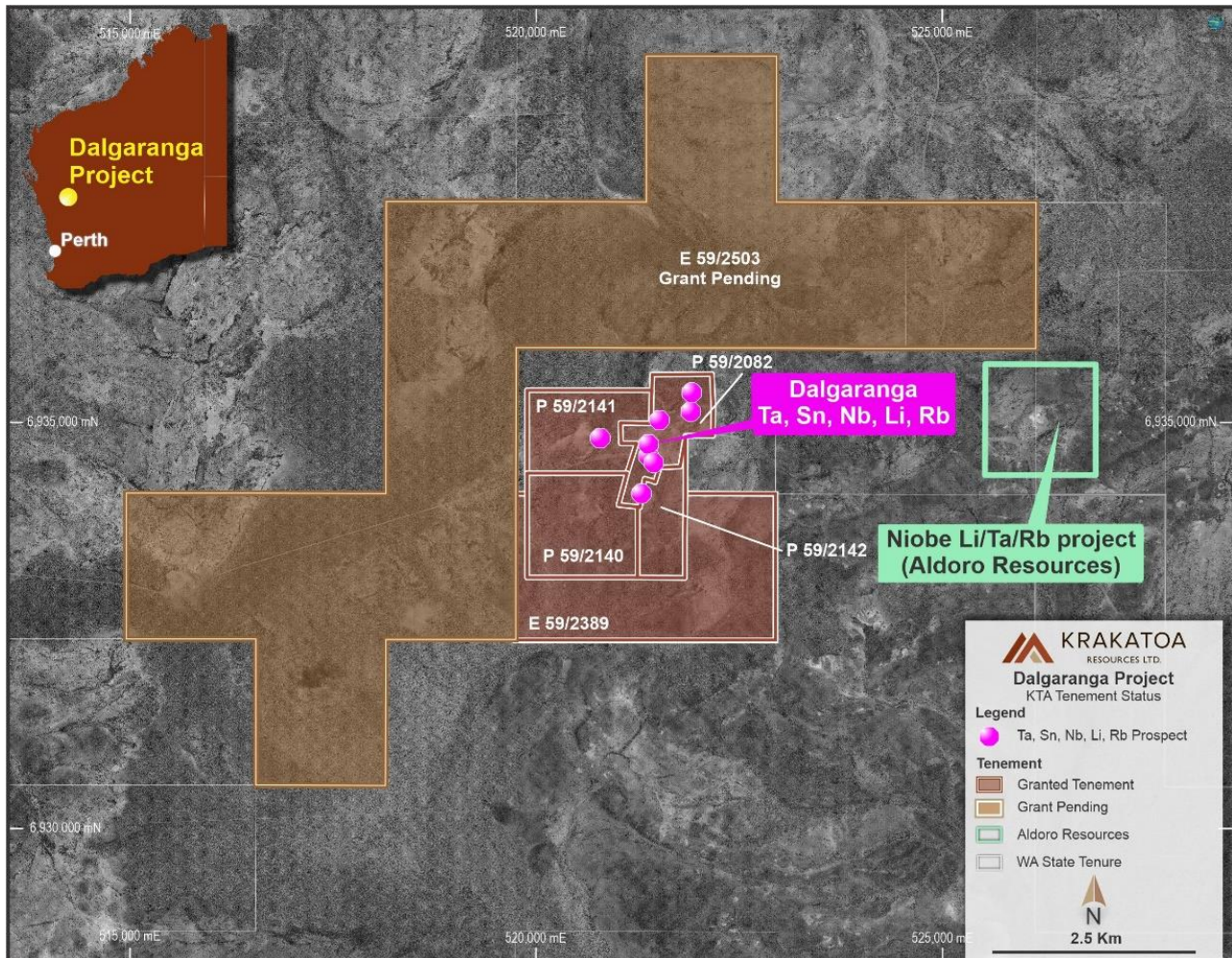


Figure 1 Krakatoa Resources Dalgaranga Project landholding showing tenement status and known critical metal prospects.

Krakatoa’s CEO Mark Major commented “Our resolve in the potential of the Dalgaranga project has been strengthened with rising demand, prediction of further demand and price increases of critical and strategic metals. This demand is stemming from the rapid evolution of the world’s advancements in technologies of vehicles, telecommunications, and renewable energy. Add to this, the recent federal governments initiation to establish a \$2 billion loan facility for domestic critical minerals projects, we are well positioned to tap into this market.

The Company recognised the projects potential back in 2016 when it acquired the initial Dalgaranga asset which is known to have significant remnant material outside the historical shallow pit and discovered the presence of other critical metals. Since then, we have been securing additional ground which is all prospective.

We now have a perfect storm. The Rubidium market is currently selling at around \$1.4 million per tonne; tin, lithium and niobium have all increased significantly in price over the last 5 years and tantalum is still holding strong. Mix this with the Dalgaranga pegmatites having some of the highest, if not highest rubidium grade material in Australia, shareholders are set to be substantially rewarded.”

History

Dalgaranga was discovered around 1961 and subsequently underwent small scale mining, including alluvial mining, over many years, producing tantalum, beryl, tin and tungsten. Lithium and Niobium were not considered as metals of importance until the 2000's, when mechanised mining was undertaken.

Rubidium has never been considered until Krakatoa identified large zones of high-grade rubidium enrichment in rock chip samples and drilling during the 2016-2017 field activities. Historically the mine area exploration was focused on selective elements. Back in 2016 Krakatoa identified that other speciality metals elements were present in high concentrations, which may prove viable for mining

In 1999 Australasian Gold Mines (renamed Tantalum Australia Pty Ltd in 2002) carried out close-spaced shallow resource drilling, determining that the tantalum bearing pegmatites are stacked vertically to a depth of at least 100m. Mining of the Dalgaranga open pit for Ta occurred from 2001 to 2002, processing via a pilot plant finished in 2003. The mine was placed on care and maintenance in 2005 and infrastructure has been partially removed. The Dalgaranga open pit is approximately 200m long, 40m wide and up to 15m deep.

Krakatoa work

The Company has commenced a comprehensive review of historical exploration data in and around the historical mining areas by past operations and explorers. The extensive drill hole database of around 400 holes is now being interpreted and modelled to determine the near mine potential of the known pegmatites. A comprehensive announcement will be made once this work is completed.

High-grade Rubidium

Krakatoa completed 11 vertical RC drill holes (1,066 meters) along strike and down plunge extensions of the historical mineralised zone (near mine), confirming the existence of the body extension. This work returned large zones of high-grade rubidium enrichment with a peak value of 4943.3ppm, (See ASX announcement 31 October 2017) and the existence of Tin, Tantalum and Niobium within the mineralised pegmatite, which is the extension of that previously mined within the historical open pit.

Widespread Pegmatite Swarms

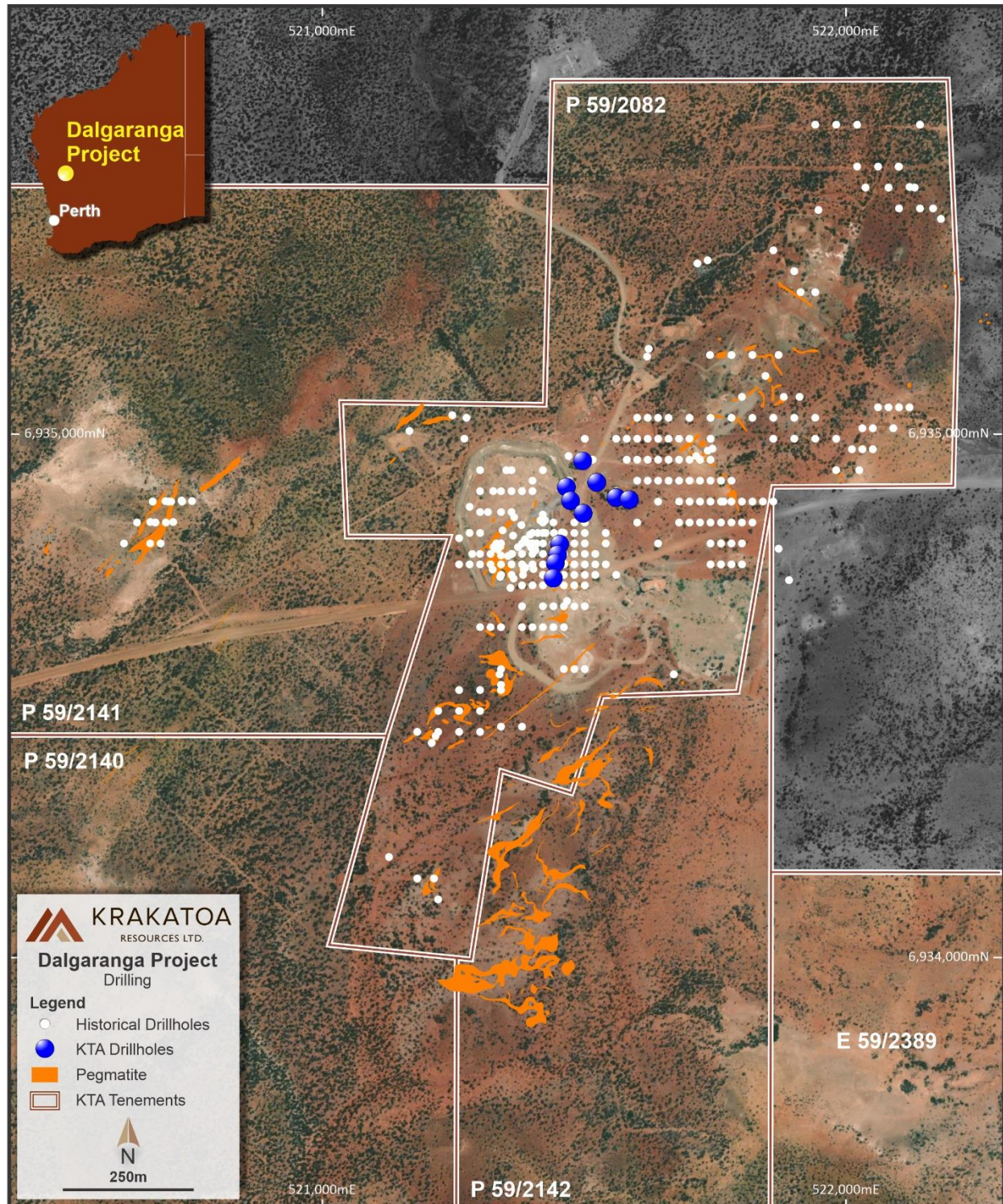
Locally at the Dalgaranga mine area, mapped pegmatites occur over an area spanning at least 2 x 0.4 kilometres (Figure 2). To the southeast, an outcropping pegmatite swarm continues south of P59/2082 onto P59/2142 and E59/2503. They crop out over a NE-SW strike length of roughly 500 metres by up to 250 metres wide and consist of numerous thick bodies up to 50 metres wide. Some feature shallow workings and none have been drilled to date.

The presence of critical metal minerals such as tapiolite, tantalite, columbite, zinnwaldite and lepidolite (lithium-bearing micas) were recognised during field mapping and confirmed anomalous critical metals during the rock chip sampling programmes completed in late 2016 to mid-2017. Opportunistic rock sampling over this period was previously reported in ASX announcement (16 June 2017 and 17 August 2017) revealed the presence of anomalous rubidium (peak values of >5,000ppm (sample AD004) and 3463.9ppm Rb (sample 17D022)) Tantalum (1,854ppm Ta₂O₅ (sample 16D016), and Niobium (725ppm NbO in sample 16D005) within the mine and southern pegmatite area.

The extension of the southern pegmatite swarm and mapping of the systems to the south is ongoing part of the exploration program for the Company. Other areas of interest identified using geophysical and Aster imagery have identified priority target areas (Figure 3).



Figure 2: Dalgaranga Project historical mine zone showing areas of mapped pegmatites and extent of the drillholes within the area (historical and Krakatoa's).



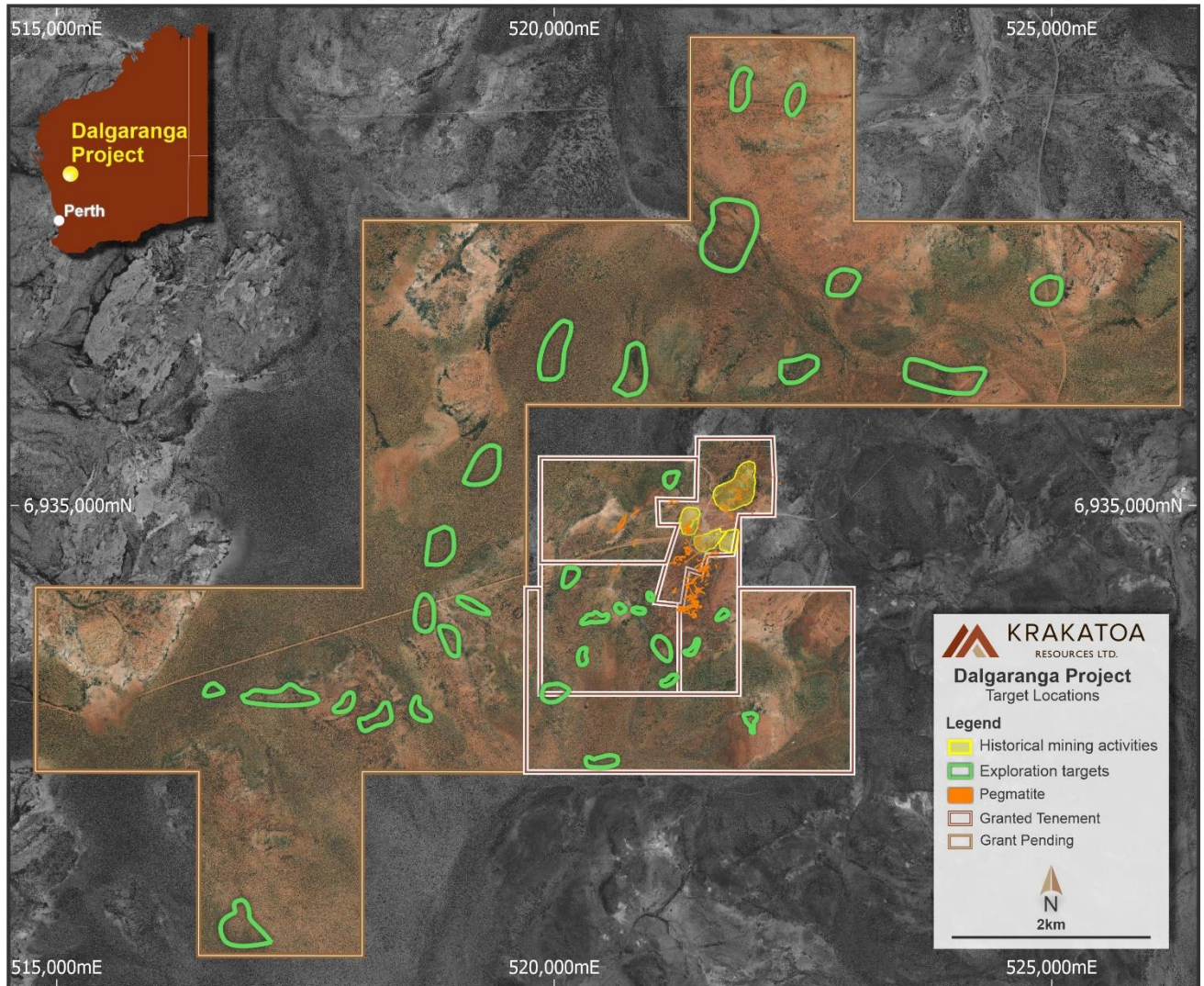


Figure 3. Location of southern pegmatite swarm and unmapped regional targets for follow-up work

Next Steps

The Dalgara area is considered prospective for tantalum, lithium, niobium, tungsten, tin, and rubidium. Historical mechanised mining produced tantalum, beryl, tin and tungsten from a shallow open pit during 2001 and 2002.

The rise in demand and prices of the currently identified speciality metals has risen over the last few years, to level which may provide opportunities for the Company to investigate potential for extraction. The expansion of Krakatoa's land holding has also brought the Company closer to this ambition.

The Company is encouraged by the recent reconnaissance visits over the new tenement as well as the results of the Company's 2017 maiden drill campaign and sparse mapping and rock sampling. The Company is reviewing the project and its understanding of the LCT (Lithium-Cesium-Tantalum) Pegmatite and associated distal pegmatites at Dalgara, including the geochemical zonation patterns associated within the areas to advance exploration on the property to target further rubidium, tantalum, lithium, tin and niobium mineralisation. All regional targets will be defined, and further mapping and geochemical exploration will be carried out over the granted tenure.

Right now, the Company is completing modelling of the drilling data within the historically drilled areas to develop a drill program to potentially delineate a critical metals resource.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Competent Person's Statement

The information in this announcement is based on, and fairly represents information compiled by Mark Major, Krakatoa Resources CEO, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Krakatoa Resources. Mr Major 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 Major consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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.

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 2,310km² of highly prospective exploration licenses 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 deposit 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, 6 July 2020, 9 August 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement