

26 June 2020

Gold intersected in shallow RAB holes at Quartz Ridge, Turon Project

- ***Exciting assay results unearthed for 18 shallow RAB holes drilled north of the historical Quartz Ridge Mine, including:***
 - ***AT01 – 10m @ 1.64g/t gold from the surface to end of hole***
 - ***AT04 - 10m @ 0.99g/t gold from the surface to end of hole***
 - ***AT16 - 10m @ 0.85g/t gold from the surface to end of hole***
 - ***AT05 - 10m @ 0.81g/t gold from the surface to end of hole***
- ***Each hole provided to the laboratory as a single 10-metre composite***
- ***The significant results remain untested by any subsequent exploration***
- ***Quartz Ridge comprises a line of historical workings with elevated prospectivity extending over 1.6km in length, including:***
 - ***The shallow RAB gold intercepts at Quartz Ridge Mine in the far north***
 - ***Previously announced high-grade rock grab sampling (up to 1,535 g/t gold) at Dead Horse Reef Mine in the far south***
- ***The high-grade gold rock chips, anomalous RAB and RC drilling, provide multiple drill-ready targets***
- ***The historical production at Quartz Reef during the mid 19th Century was large enough to support a town with three hotels, a racetrack, stores, a post office and a school***

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to announce the recently recovered results for historical RAB drilling north of the Quartz Ridge Mine, located within the 100%-owned Turon Project situated near Bathurst, NSW. The Turon Project lies 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 shallow RAB drill program identified several highly anomalous gold intercepts with results up to **10m @ 1.64g/t gold from the surface to end of hole**. All holes were sampled throughout their developed length as a single composite sample of 10m and the anomalous results were never followed up. The program was completed nearly 30 years ago across the northern extension of the Quartz Ridge Mine (Figure 1). Appendix 1A provides a full compilation of the RAB drill program results.



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

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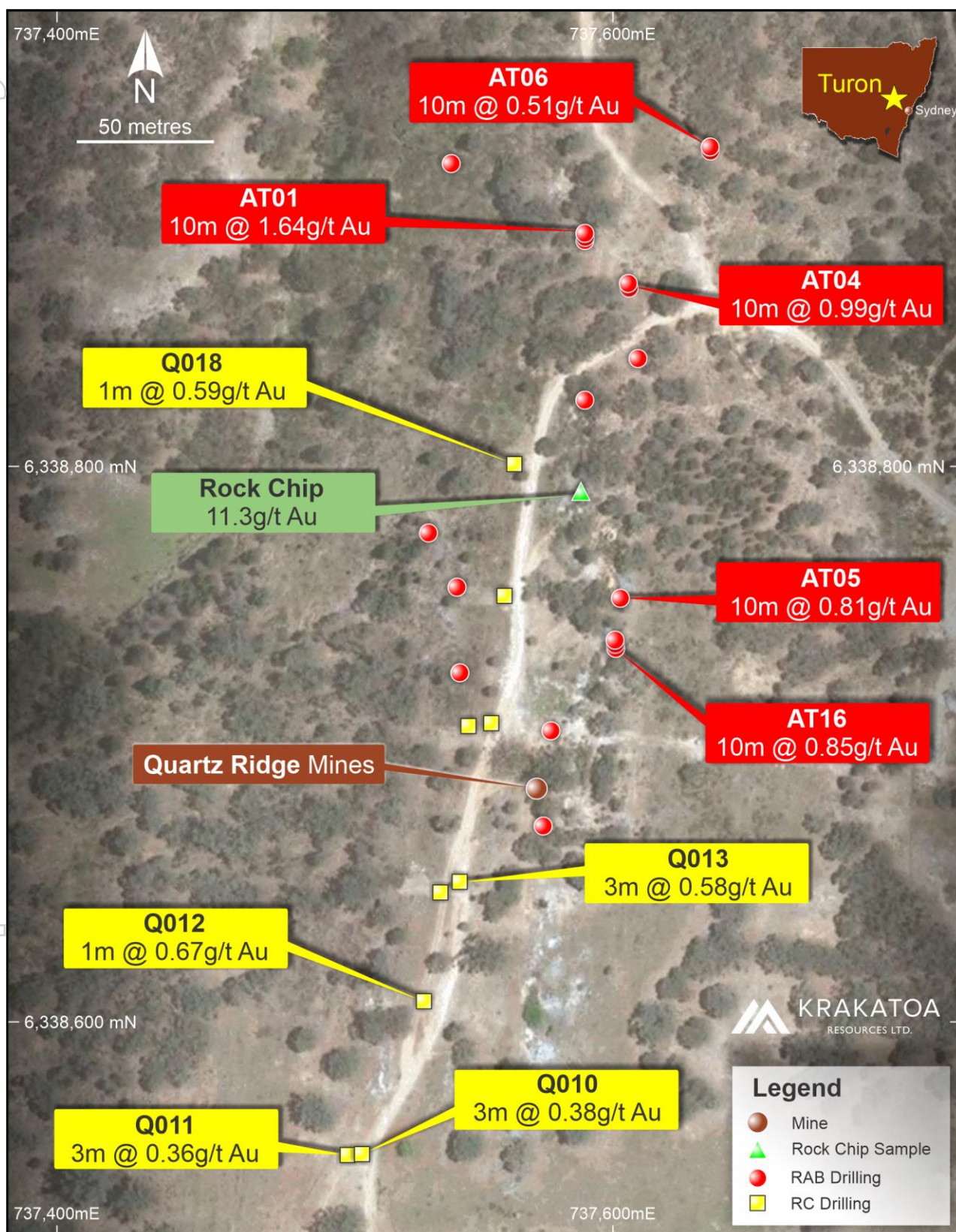


Figure 1: RAB drill results at Quartz Ridge Mine with previously announced RC and rock chip results

The Quartz Ridge line of gold workings extend over a length of 1.6km from its namesake mine situated in the northern extremes to the Dead Horse Reef Mine in the south (Figure 2). The vein quartz is up to 10m wide and forms a north-south strike ridge conformable with the adjacent metasediments of the Cunningham Formation. The Cunningham Formation includes siltstones, slates, calcareous and lithic greywackes, and conglomerates. The Dead Horse Reef Mine contains an adit approximately 130m long.

Past explorers report numerous significant gold grades from chip and mullock sampling, including 1,535g/t, 135g/t, 26g/t, 14.6g/t, 12.55g/t and 11.3 g/t Au, distributed along the length of the gold workings (see KTA announcement dated Nov 11th 2019). The outstanding chip result of 1,535g/t gold lies south of Dead Horse Reef and remains untested by drilling. A peak value of 11.3g/t gold was returned from a chip sample north of the Quartz Ridge Mine, near the currently described RAB drilling. Krakatoa described previous RC drilling which targeted several workings in the group, as "ill-considered and failed to adequately test" the outstanding results (see KTA announcement dated Nov 11th 2019).

Quartz Ridge represents an exciting shallow exploitable opportunity for the Company where multiple walk-up drill targets with significant gold tenor are identified.

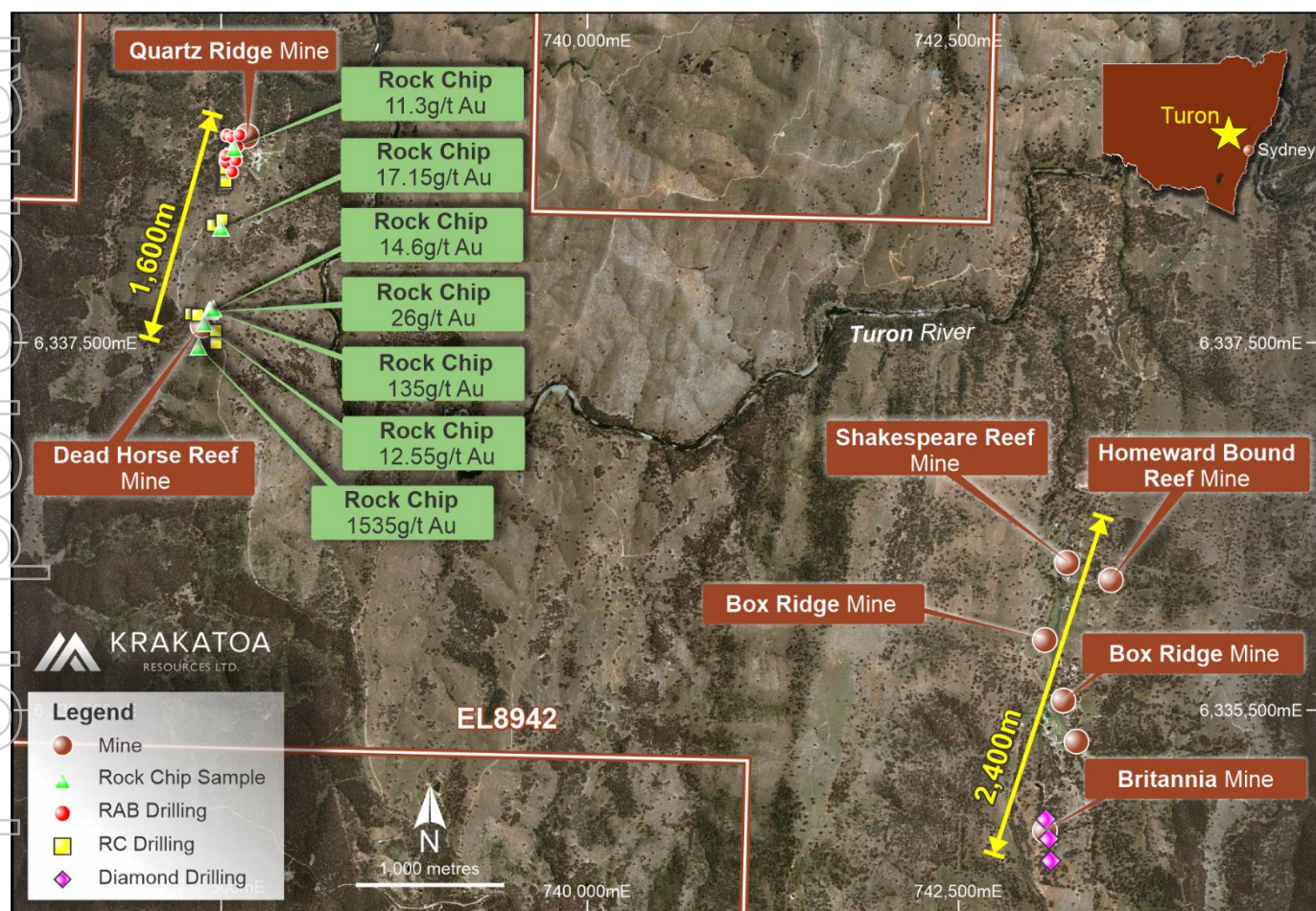


Figure 2: Quartz Ridge line of workings and its relation to the Box Ridge line of workings

The Company will:

- Promote RC or diamond drilling to test rock and drill results south of Dead Horse Reef Mine, north of the Quartz Ridge Mine and at many of the workings in-between.
- Survey, sample and map accessible underground workings; and
- Establish the size and tenor of any tailings present.

Authorised for release by the Board.

FOR FURTHER INFORMATION:

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Disclaimer

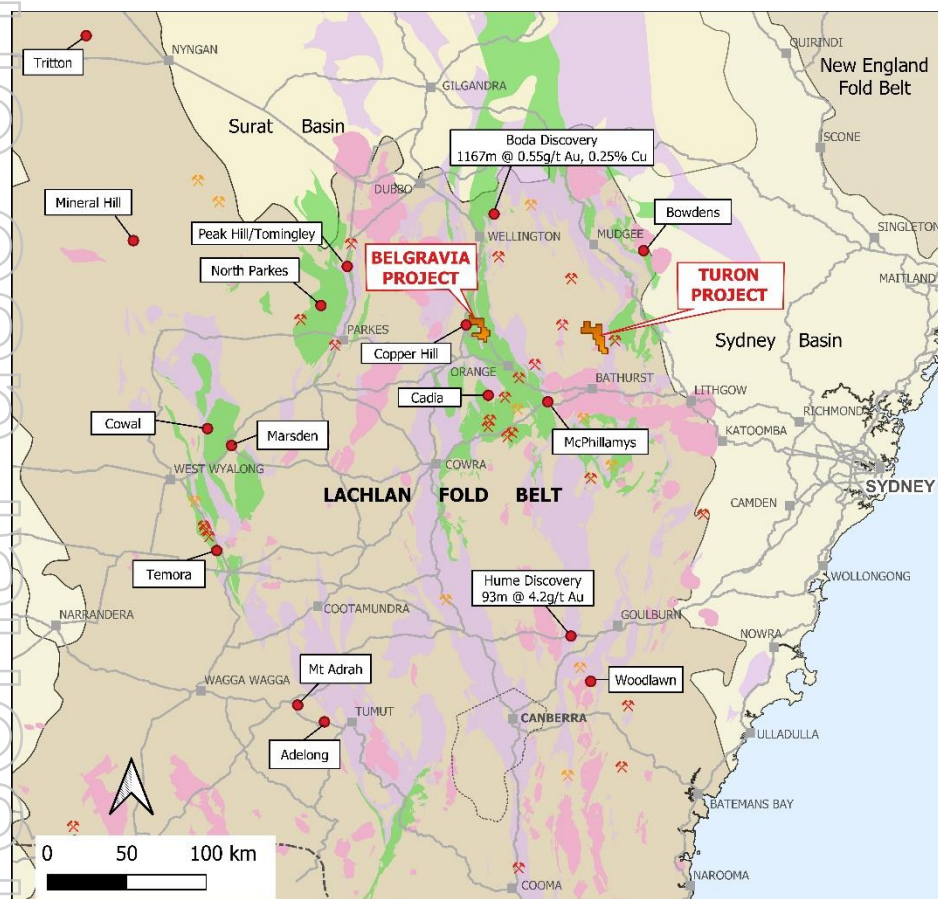
Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding 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.

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.

ABOUT KRAKATOA:

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



Legend

- KRAKATOA PROJECTS
- Major mines/recent discoveries
- ✱ Major Cu deposits
- ✱ Major Au deposits

Lachlan Orogen

- I-type Granites
- Silurian Belts
- Ordovician Macquarie Arc

Regional Elements

- Younger Basins
- Palaeozoic Fold Belts



Belgravia Project (Krakatoa 100%):

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 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 (Krakatoa 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.

ANNEXURE 1: RAB DRILL HOLE DETAILS

Hole ID	MGAz55_E	MGAz55_N	RL	Az_mag	Dip	EOH_m	From_m	To_m	Intercept_m	Au_ppm
AT1	737590	6338883	599	0	-90	10	0	10	10	1.64
AT2	737590	6338882	599	0	-90	10	0	10	10	0.45
AT3	737606	6338865	601	0	-90	10	No anomalous intercept.			
AT4	737606	6338864	601	0	-90	10	0	10	10	0.99
AT5	737603	6338752	615	0	-90	10	0	10	10	0.81
AT6	737635	6338914	597	0	-90	10	0	10	10	0.51
AT7	737635	6338913	597	0	-90	10	0	10	10	0.08
AT8	737542	6338908	592	0	-90	10	No anomalous intercept.			
AT9	737609	6338838	603	0	-90	10	No anomalous intercept.			
AT10	737590	6338823	605	0	-90	10	No anomalous intercept.			
AT11	737544	6338756	615	0	-90	10	No anomalous intercept.			
AT12	737534	6338775	611	0	-90	10	No anomalous intercept.			
AT13	737545	6338725	620	0	-90	10	No anomalous intercept.			
AT14	737578	6338704	620	0	-90	10	No anomalous intercept.			
AT15	737575	6338670	622	0	-90	10	No anomalous intercept.			
AT16	737601	6338736	616	0	-90	10	0	10	10	0.85
AT17	737601	6338735	616	0	-90	10	0	10	10	0.06
AT18	737601	6338734	616	0	-90	10	0	10	10	0.32

EL3910 airtrack / RAB results, 1992

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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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Rock chips and RC drill results contained in the announcement were reported previously (see relevant JORC table Nov 25th 2019) Airtrack/RAB drilling completed north of the historical Quartz Ridge Mine targeted mainly quartz veins in line with the workings. The drilling was completed almost 30 years ago Each hole was developed vertically to a depth of 10 metres and sampled throughout its development length as a single 10-metre composite and sent to ALS in Orange for Fire Assay
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Airtrack (blastrig) rig utilised Air system and basic operation similar to a RAB rig Drilled as an open hole Sampled as ten-metre composite through the length of development
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not documented (holes developed in 1992) Results will be diluted Depth and width of physical intersection unknown but lies somewhere within the 10-metre interval
Logging	<ul style="list-style-type: none"> 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, 	<ul style="list-style-type: none"> All holes were logged geologically as being quartz reef

Criteria	JORC Code explanation	Commentary
	<p>channel, etc) photography.</p> <ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Each hole was sampled as a ten-metre composite; each hole was 10-metre in length, so one sample was provided to the laboratory per hole
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Fire Assay gold only analysis by ALS in Orange
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Any verification of significant intersections have not been qualified
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The work was for exploration not resource estimation Collar locations require field validation Drill collars are re-projected from AMG84 to MGA94 for presentation purposes
Data spacing and distribution	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Holes were sampled as 10-metre composites and thus the results are expected to be significantly diluted
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <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> 	Drilling occurred mostly along the strike of the quartz vein
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Not established
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • Not established

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Turon Project (EL8942) is wholly-owned by Krakatoa Australia Pty Ltd, a wholly owned subsidiary of Krakatoa Resources Ltd The Company holds 100% interest and all rights in the Turon Project
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Subsequent explorers completed RC drilling and limited chip sampling. Krakatoa has reviewed this work and has some concerns over its effectiveness, as large number failed to achieve target depth or were drilled on the wrong orientation
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Turon Project is situated in the Hill End Trough, north of the Bathurst Batholith. It straddles the moderate to tightly folded, north-plunging Tripleys Creek Anticline. The various domains are comprised of Devonian and Silurian sediments intercalated with felsic volcanic and volcanoclastic rocks, and minor limestone, which rest on Ordovician rocks. Three Carboniferous stocks intrude in the south of the project area. They parallel and lie approximately 12km north of the 35km wide Lachlan Transverse Zone A number of mineral deposit styles are present in the Hill End Trough. Styles include: orogenic gold (and base metal) vein systems; stratabound base metal sulphide mineralisation associated with Silurian felsic volcanism; lead–zinc and iron skarns of various ages; intrusive related molybdenum and tungsten mineralisation related to Carboniferous fractionated granites; Permian epithermal silver–lead–zinc and skarn-type mineralisation, and auriferous placer deposits ranging in age from Permian to Recent.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar 	<ul style="list-style-type: none"> Eighteen vertical holes developed by Strachan Exploration Services on behalf of the private property owner in 1992 All holes were vertical and drilled within the reef system to a depth of 10-metres Collar locations and hole depths are provided in the body of the report along with the key intersection.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> ● <i>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.</i> 	<ul style="list-style-type: none"> ● RC drilling results featured in diagrams were originally announced on 25/11/2019 (see ASX)
Data aggregation methods	<ul style="list-style-type: none"> ● <i>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.</i> ● <i>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.</i> ● <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> ● No weightings applied ● Sampled as ten-metre composites
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> ● <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> 	<ul style="list-style-type: none"> ● Not established by Strachan
Diagrams	<ul style="list-style-type: none"> ● <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> 	<ul style="list-style-type: none"> ● The pertinent maps for this stage of project are included in the release. ● Co-ordinates in MGA94Z55
Balanced reporting	<ul style="list-style-type: none"> ● <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> 	Other than the RAB results, all other results were reported and detailed previously – 25/11/2019 market release (see ASX)
Other substantive exploration data	<ul style="list-style-type: none"> ● <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> 	<ul style="list-style-type: none"> ● The company is reviewing other potential datasets to assist exploration in the Quartz Ridge area.

Criteria	JORC Code explanation	Commentary
Further work	<ul style="list-style-type: none">• <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>	<ul style="list-style-type: none">• The Company will geological map and systematically sample the environment, including accessing the underground workings• The company will prepare to drill several of the targets outlined in this release