

27 September 2021

T. +61 (08) 9481 0389

E. locke@ktaresources.com

Drilling Commences at Sugarloaf Porphyry Target

Krakatoa Resources Limited (ASX: KTA, "Krakatoa" or the "Company") is pleased to inform the market that diamond drilling commenced on the Sugarloaf Cu-Au Porphyry target on EL8153, Belgravia Project, near Molong in Central NSW on Monday 27 September. The Sugarloaf Target sits within the Molong Volcanic Belt (MVB), home to Australia's premier copper-gold province featuring Cadia-Ridgeway, Boda-Kaiser, Copper Hill and Browns Creek deposits (Figure 1). Sugarloaf is located 7 kilometres southeast of the GCR's Copper Hill Porphyry Cu-Au Deposit (890,000 ounces of gold and 310,000 tonnes of copper; GCR ASX release 19 January 2021).

Krakatoa's CEO commented *"This is a major milestone for the Company and shareholders. We are thrilled to have reached this point after such a protracted process of landholder negotiations during which time we were only permitted to complete preliminary exploration work. We are now ready to test the magnetic anomaly and ascertain what level of system lies below"*.



The Sugarloaf Porphyry Target is a prominent, structurally bound magnetic low ("demag") zone spanning 800 x 900 metres (Figure 2). Within the centre of this demag zone lies a central discrete magnetic high core measuring 400 x 200 metres. In many porphyry deposits including at North Parkes, the magnetic high core is associated with a potassic alteration zone that is surrounded by later argillic and/or propylitic demagnetised alteration zone. Additionally, the core and surrounding demag zones exhibit a clear, zoned soil geochemical signature, typical of intrusive related deposits. Collectively the magnetics and geochemistry supports the hypothesis for a blind, buried intrusive system at depth.



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.

Directors

Colin Locke
David Palumbo
Timothy Hogan

Enquiries regarding this

announcement can be directed to
Colin Locke
T. +61 457 289 582

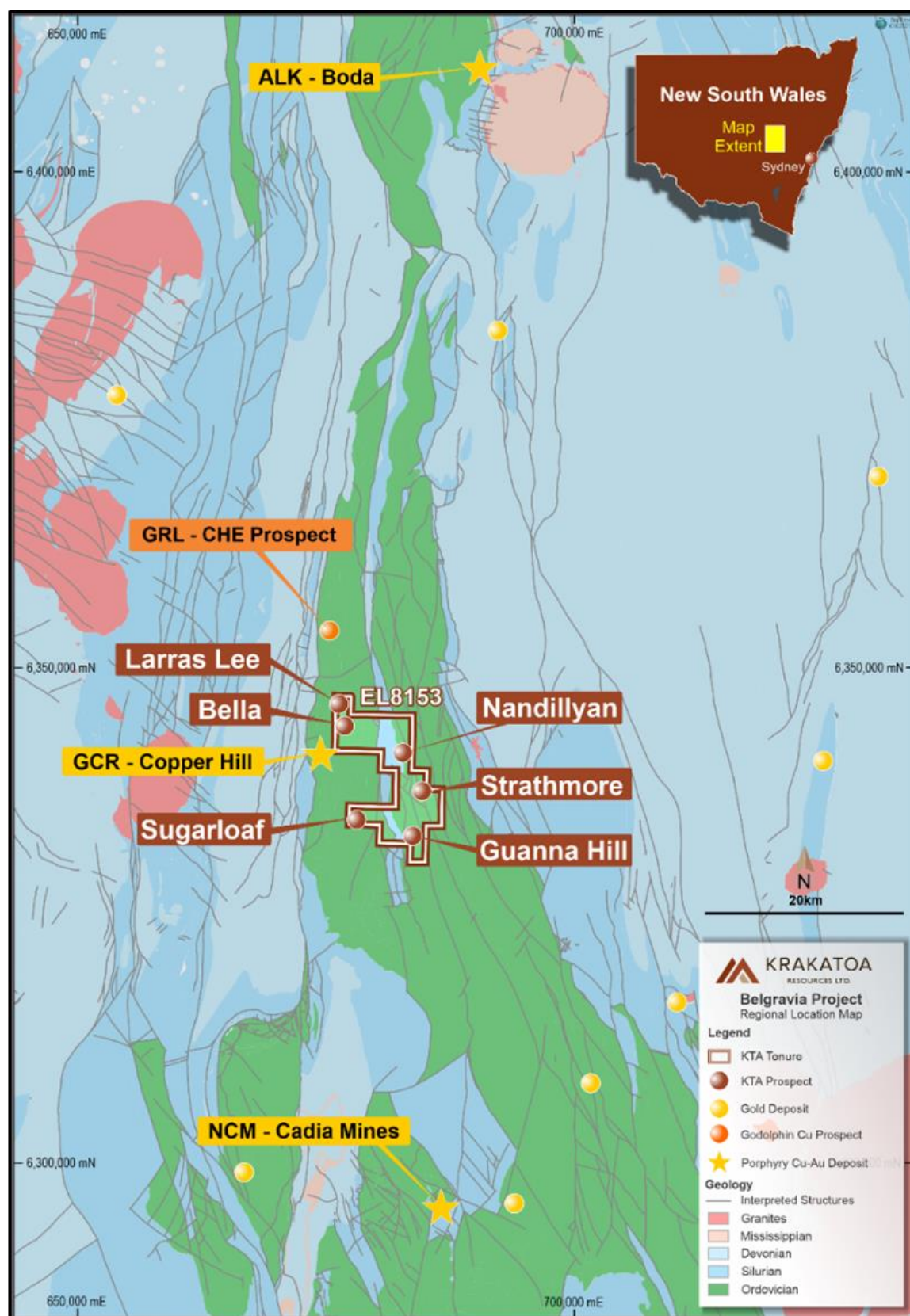


Figure 1: Belgravia Project location map, prospects and major copper & gold mines and deposits on regional bedrock geology

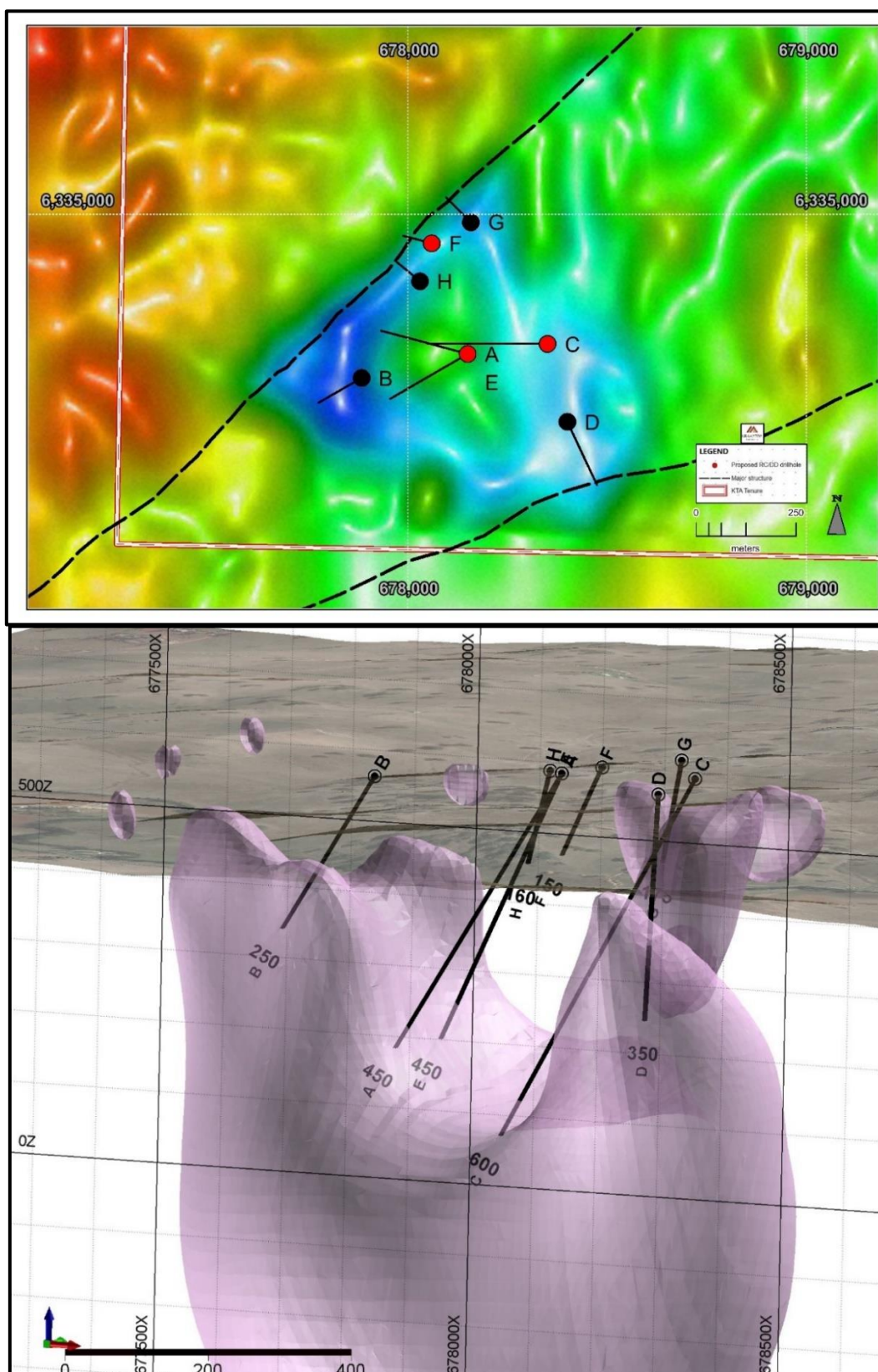


Figure 2a (top): plan view of proposed drillhole traces over RTP magnetics. Red collars are proposed phase 1 holes (C, E & F), black collars are phase 2 holes (A, B, D, H & G) dependent on phase 1. Note that holes A & E share the same collar. **2b (bottom):** Oblique 3D model view looking down towards the NNW showing drillholes and modelled magnetic low shells

LFB alkaline porphyry copper – gold deposits are typically related to monzonite intrusive complexes. The alkaline deposits are centred in and around monzonite porphyries. Many deposits such as Ridgeway (part of the Cadia-Ridgeway Mine) occur 400-600meters below surface with the central porphyry core being a narrow “pin-head” intrusion (Figure 3). If the target is Copper Hill style or a calc-alkalic (high potassium) mineralisation system it could be associated with the same intrusive units at Copper hill with mineralisation reflecting a broader metal content.

Additionally, like VMS camps, porphyry deposits tend to occur in clusters; recent new discoveries in the area by Godolphin Resources (“Copper Hill East”) have confirmed this applies to the project area.

Geochemical signatures also highlight the potential for epithermal (gold-silver) and contact-metasomatic (skarn and carbonate-replacement styles) gold-base metals deposits along the western bounding, NE-trending fault margin.

The diamond drill rig will drill at least 2 initial, deep holes totalling approximately 1100 metres. The two holes will be drilled as an east-west oriented fence across the centre of the coincident magnetic low -zoned geochemical anomaly with proposed depths of 450 to 600+ metres (Holes C and E; Figure 2). A third shallow hole (Hole F in Figure 2) may be drilled on the north-western margin, testing for shallow structurally controlled gold and copper on a significant NE trending structural, demagnetized feature featuring anomalous surface geochemistry (soil samples to 433ppb (0.43g/t) Au and rock-chip samples to 5.15g/t Au and 1.73% Cu. Hole E is designed to also test this structure at depth.

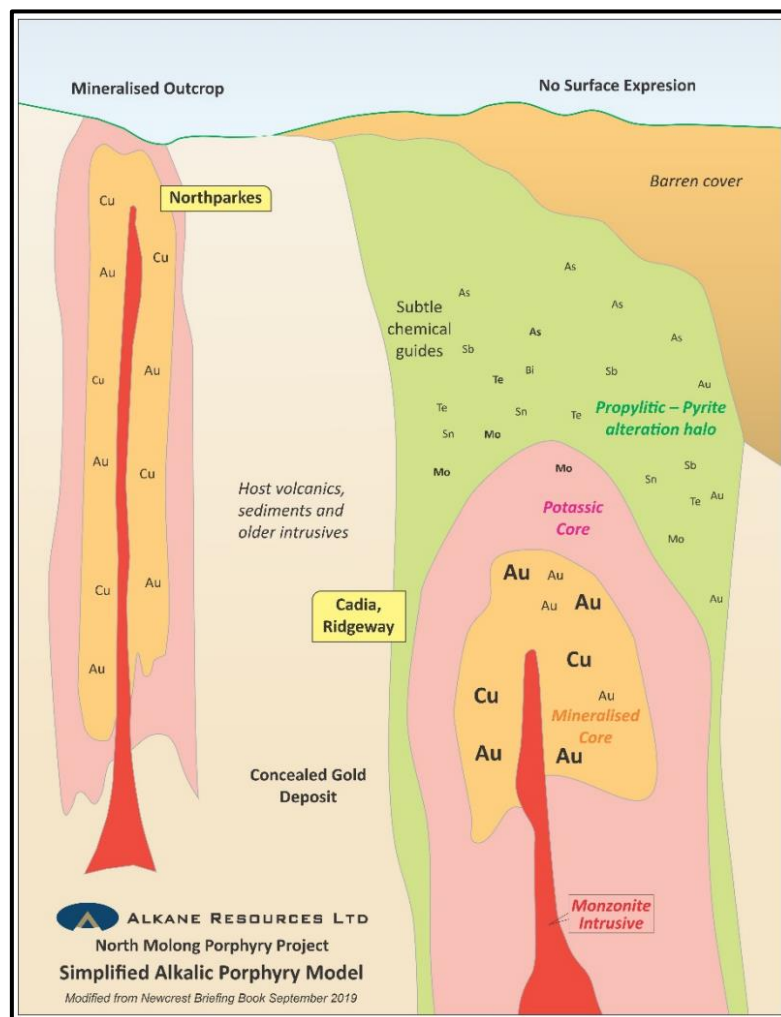


Figure 3: Simplified porphyry model showing geochemical signatures
 (sources, Alkane Investor presentation 11 November 2020)



Authorised for release by the Board.

FOR FURTHER INFORMATION:

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

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.