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MLEM Highlights Key Sulphide Targets at Mt Clere, WA

- **Processing and interpretation of recent moving loop ground electromagnetic ("MLEM") survey data over initial 15 strong discrete late-time AEM targets completed**
- **Multiple walk-up drill targets with exceptional 10,000 plus Siemens conductors recorded**
- **All MLEM traverses recorded significant mid to late time anomalies indicative of basement sources**
- **All targets have been 3D plate modelled and prioritised for drill testing**
- **Priority targets will be drill tested on completion of all regulatory permitting earmarked for late Q3-22**

Krakatoa Resources Limited (ASX: KTA) ("Krakatoa" or the "Company") is pleased to announce the interpreted results of the moving loop electromagnetic ground (MLEM) survey undertaken over 15 of the high priority airborne VTEM AEM targets located at its 100% owned Mt Clere project located in the north-western margins of the Yilgarn Craton, Western Australia. The initial MLEM survey focussed on the southern AEM cluster targets, being Milly-Milly, Bullbadger, North Bullbadger, Dingo and Calvin.

The recent Ni-Cu-PGE Julimar discovery, located near Perth in the similarly aged Southwest Terrane of the Archean Yilgarn Craton, was initially identified as an EM feature analogous to those seen at Mt Clere. The Western Margin of the Archean Yilgarn Craton is highly prospective for Platinum Group Elements ("PGE"), Nickel ("Ni") and Copper ("Cu") sulphide mineralisation associated with intrusive mafic and ultramafic rocks. The Narryer terrane where Krakatoa holds a dominant land holding forms the northwest margin of the same Archean Yilgarn Craton.

Krakatoa's CEO, Mark Major commented

" The Company is extremely pleased with the results of the MLEM target generation. We recognised we had some great targets after flying the VTEM survey and now we have confirmed the true nature of these high calibre targets. This area is an emerging region and one which is attracting a lot of attention now. Multiple targets have the potential to host significant massive sulphide mineralisation and we could be on the cusp of something significant for our shareholders. We have only looked at a third of the targets so far.

We are now planning our inaugural drilling program to test these targets and have commenced the processes for obtaining all the regulatory permitting and requirements for the heritage survey. We are looking to complete these activities as soon as possible"

MLEM Survey

Data was collected from the ground survey over the southern priority anomalies during April 2022. The priority anomalies were identified from the airborne electromagnetic ("AEM") survey (refer to ASX Announcement 25 January 2022). In total 18 traverses of data were collected over 15 target areas, for approximately 45 line km of data collection (Figure 1).

All data was collected using a Moving In-loop configuration with a series of wider initial pass traverses being followed up with tighter infill traverses where required. All details of the MLEM survey are detailed in Appendix A.

All traverses recorded significant mid to late time anomalies (basement sources) except for the B3 target. Plate modelling of the MLEM data indicate the anomalies are sourced by basement conductors with conductance's that range from hundreds of Siemens to over 10,000. High conductance plate anomalies greater than 1,000 Siemens are detailed in Table 1.

Exceptional anomalies were recorded at Milly-Milly (MM-1) and North Bullbadger (NBB-8). The sources of the MLEM anomalies model in the high thousands of Siemens (typically greater than 8,000) with responses recorded well into the last channel of the 0.25 Hz data.

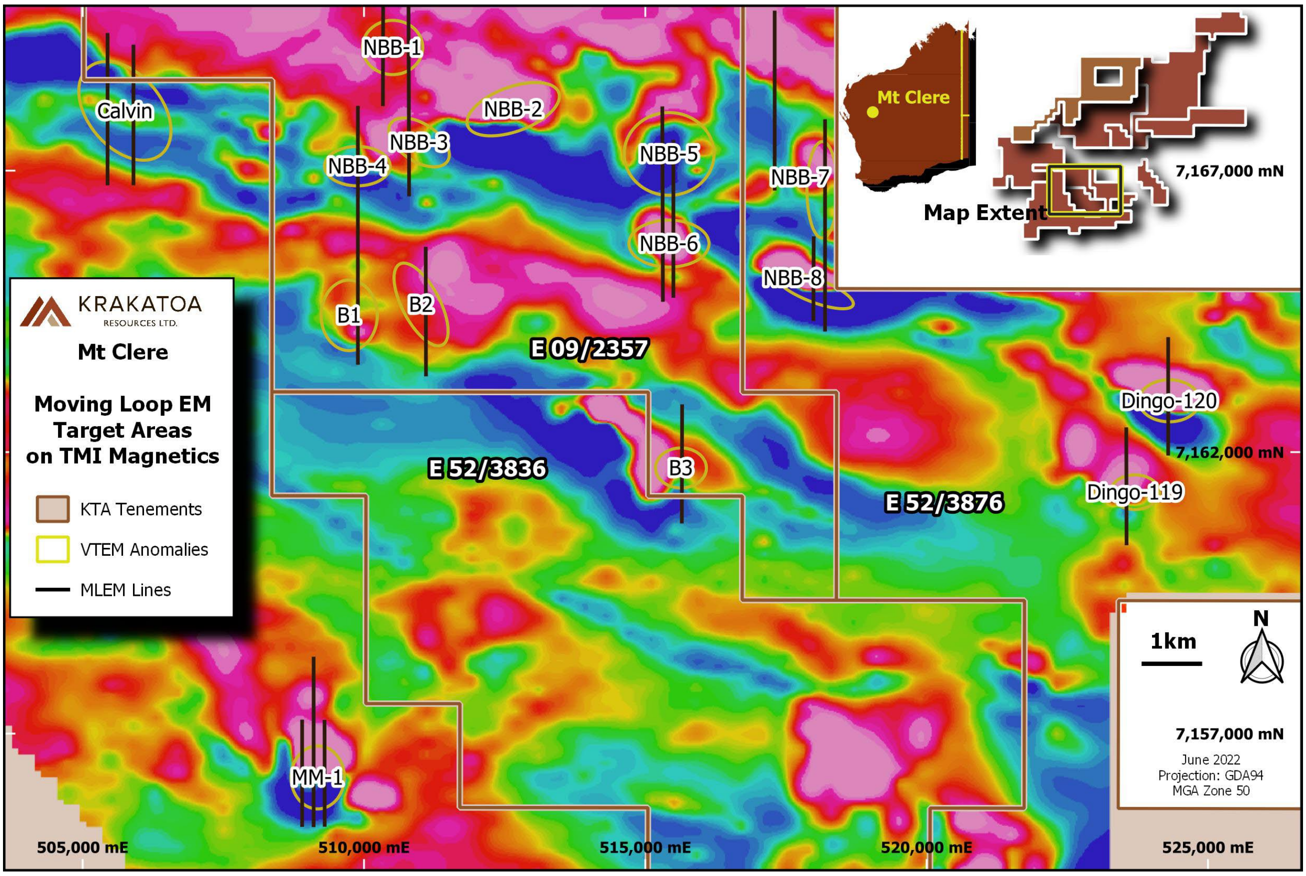

Figure 1 Map of AEM targets showing MLEM lines over TMI magnetics

Table 1: Details and properties of MLEM anomalies over 1000 Siemens

AEM Target	Plate ID	Conductance	Surface RL	Depth to top	Dip	Dip Azi	Strike Length	Depth Extent
MM-1	MainEW	10000	434.8	-75	65	312.5	250	250
MM-1	MainNS	10000	438.0	-75	65	65	250	250
MM-1	N1	1250	458.6	-95	80	222.5	500	300
MM-1	N2	1500	461.2	-95	80	215	550	250
MM-1	SW	1250	426.8	-95	70	217.5	250	300
MM-1	1	10000	432.4	-100	45	290	400	200
MM-1	2	10000	432.9	-100	45	52.5	400	200
MM-1	N1	3000	457.5	-120	80	40	300	200
MM-1	N2	3000	452.1	-120	80	40	300	200
B-1		1400	462.1	-200	10	202.5	350	125
NBB-1	North	1200	461.2	-135	72	342	120	300
NBB-6	C1	2000	441.8	-200	65	205	1600	1600
NBB-6	S1	2500	440.3	-180	70	22.5	350	600
NBB-6	S2	1600	440.7	-165	80	45	400	400
NBB-9	N1	3000	452.4	-250	78	37.5	300	300
NBB-9	S1b	1200	448.2	-130	60	352.5	400	400
NBB-8	C1	1800	459.8	-75	55	335	800	400
NBB-8	LS1	4000	439.5	-140	70	187.5	300	200
NBB-8	N1	1700	483.5	-130	60	352.5	400	400
NBB-8	S1a	8000	449.3	-110	60	195	400	300
NBB-8	S1b	9000	455.5	-120	60	152.5	325	350
NBB-8	SE	4000	456.4	-100	50	140	400	350
Dingo 119	1	2200	428.0	-150	75	135	425	280
Dingo 120	1	1400	440.0	-160	80	152.5	800	450

Milly-Milly (MM-1)

Modelling the geometries for the source of the Milly-Milly electromagnetic anomaly is complex. Cross cutting, flat lying and alternate dipping combinations of conductors were required to replicate all the component data. This suggests the principal anomaly may be sourced by a pipe like body. The strongest conductors appear to be on the southern margin of an intense magnetic body (>1 SI unit) with the lesser conductance plates internal to the source of the magnetic anomaly (Figure 2).

The four dominant conductors (>10,000 Siemens) lie between 75-100m below surface. Two are 400 long (strike) and extend to 200m. The other two are 250m long and have 250m depth extension.

NBB-8

The highly conductive source at NBB-8 located on the eastern side of the North Bullbadger cluster zone is adjacent to an intense magnetic anomaly. The magnetic body has an east-west orientated strike. The model conductors match this magnetic feature. Where the magnetic body kinks the conductive source does as well (Figure 3).

The two main conductors lie between 150-195m below surface. One plate strikes 400m and extends 300m down, while the second has 350m of strike and extends 350m. Several other conductors are also found in this area with similar dimensions.

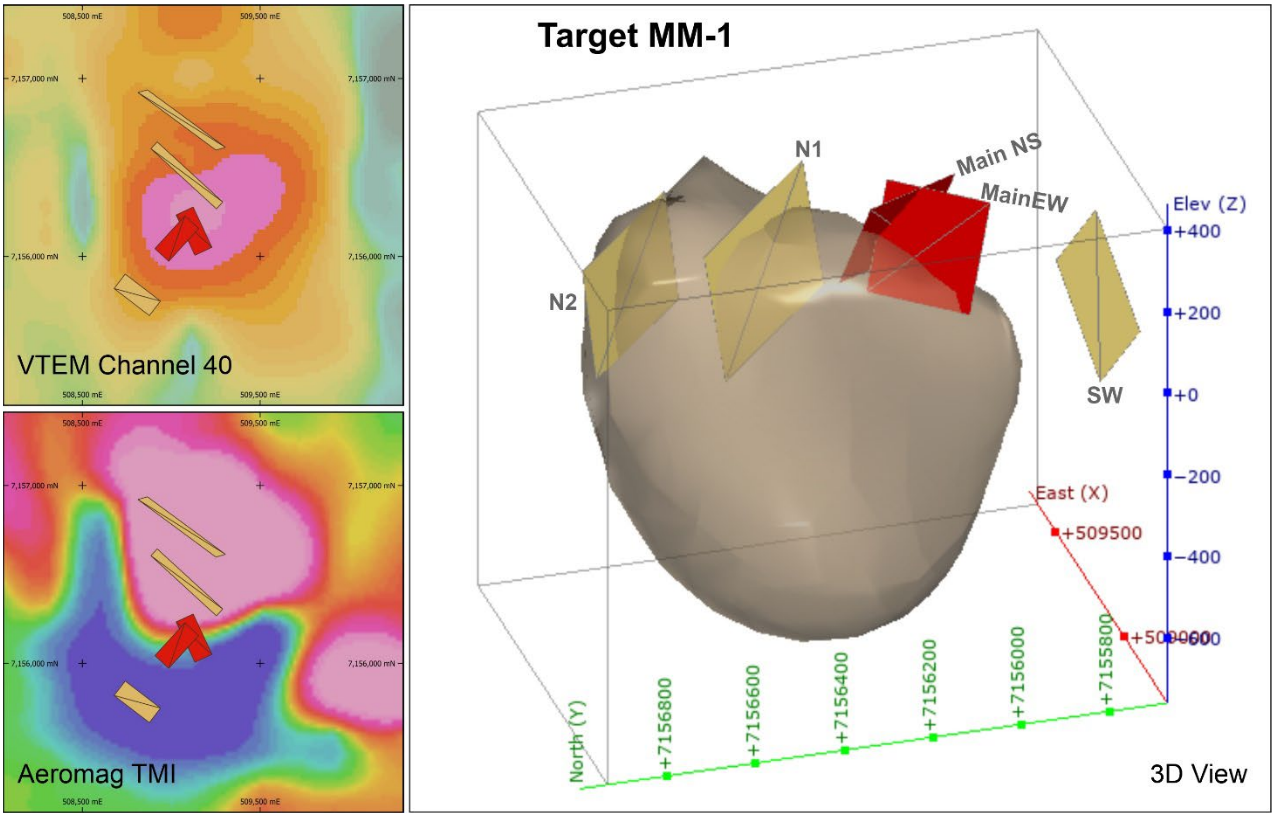

Figure 2 Milly Milly (MM-1) Prospect, MLEM plates over AeroMag TMI and AEM VTEM Ch40, with oblique view of 3D magnetic susceptibility isosurface (0.2 SI units)

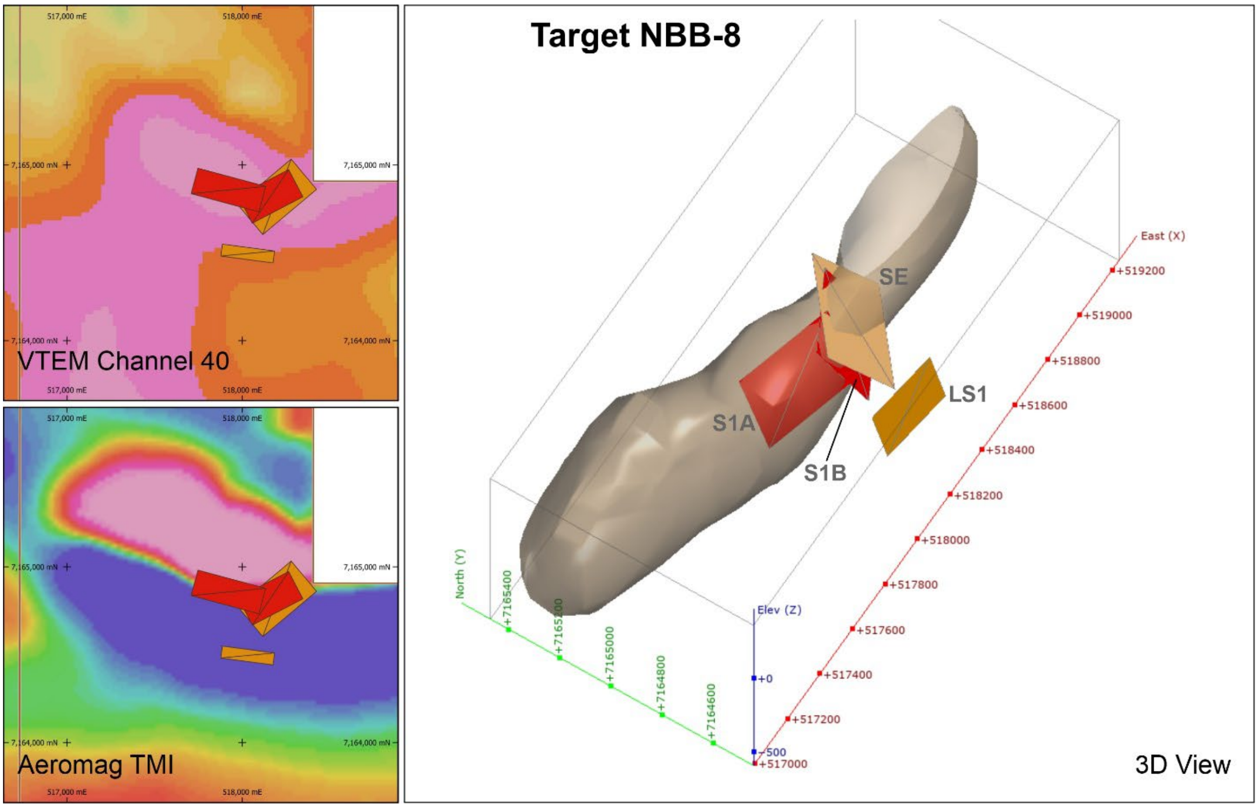

Figure 3 NBB-8 Prospect, MLEM plates over Aeromag TMI and AEM VTEM Ch40, with oblique view of 3D magnetic susceptibility isosurface (0.2 SI units)

Dingo 120 & 119

Two lines completed over the Dingo Cluster, detected conductors which were modelled with sources greater than 1000 Siemens. Both sources are approximately 150 to180m deep under more conductive cover than the conductors to the west. The Dingo 120 conductor is associated with an intense magnetic anomaly. The more southern Dingo 119 conductor is associated with a less intense magnetic body. The orientation of this body appears to be at a high angle to the line.

NBB-6

The observed data response is dominated by the NBB-6 anomaly sourced by a southerly dipping large conductor. However, there are perturbations in the component data that suggest a smaller slightly more conductive body exists to the south of the larger conductor. This small conductor has a higher conductance than the large body and is associated with a moderately strong magnetic body.

NBB-9

Responses from multiple good conductors are recorded in this area. The data indicates the southern end of the MLEM line is approaching a strong conductor around NBB-9 anomaly. The conductors strike 800m with a 400m depth extent. They have an interesting relationship with the lower-level magnetic susceptibility shells and appear to protrude out of the 0.1 SI unit susceptibility shell.

Next Steps

The company is currently undertaking the regulatory permitting and heritage clearance requirements. Once complete the company will rapidly advance to drilling which is expected to be a combination of reverse circulation and diamond methods.

Additional conductors and PGE-Ni-Cu targets, identified from the initial interpretation of the AEM data early 2022, will be followed up with a second phase of MLEM surveys and ground truthing programs this year.

We look forward to updating shareholders with a pipeline of news flow as the project develops.

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.

Geophysical Information in this report is based on exploration data modelled by David McInnes, who is engaged as a geophysical consultant through Montana GIS. Mr McInnes is a member of the Australian society of Exploration Geophysicists and has sufficient experience of relevance in the types of survey's completed and the types of mineralisation under consideration.

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. 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..

Krakatoa is an emerging as a diversified high value critical metal and technology element company catering to the exponential demand spawned by electrification and decarbonisation.
It is an ASX listed public Company with assets associated with copper-gold exploration in the world class Lachlan Fold Belt, NSW and multielement metals including the increasingly valued rare earths, nickel and heavy mineral sands in the highly prospective Narryer Terrane, Yilgarn Craton, WA and critical metals at Dalgaranga, WA

The company is focused on systematic exploration and development of their key project.

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 Graton. The Company holds 2,310km^2 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. The Company has recently discovered the presence of Ion adsorption clays enriched in REE within extensive laterite areas; and is also investigating the monazite sands in vast alluvial terraces; and possibility of carbonatite dyke swarms. The company has identified multiply and discrete late time EM conductors via VTEM and ground MLEM surveys. These conductors are thought to be basement rocks enriched with massive sulphide mineralisation and will be drill tested in 2022.

Dalgaranga Critical Metals Project, Nb, Li, Rb, Ta, Cs, Sn, (100%); Mt Magnet WA.
The Dalgaranga project has an extensive rubidium exploration target defined next to the old Dalgaranga tantalum mine, with extensive pegmatite swarms with little exploration completed throughout the area. The project is clearly under-explored, the historical drilling was very shallow as it mainly focused on defining shallow open pitable resources in the mine area. Resource development drilling is currently being undertaken.

Rand Gold, REEs Project (100%); Lachlan Fold NSW
The Rand Project covers an area of 2241km^2, 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. REE's have recently been identified over several intrusive basement areas which lead to extensive exploration application (2,008km^2). Now granted a reconnaissance air-core drilling campaign will be completed to help identify other prospective areas for clay hosted REE.

Belgravia Cu-Au Porphyry Project (100%); Lachlan Fold NSW
The Belgravia Project covers an area of 80km^2 and is in the central part of the Molong Volcanic Belt (MVB), 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 the most advanced target areas. Bell Valley contains a considerable portion of the Copper Hill Intrusive Complex, the porphyry complex which hosts the Copper Hill deposit (890koz Au & 310kt Cu) and Sugarloaf is co-incident with anomalous rock chips including 5.19g/t Au and 1.73% Cu.

Turon Gold Project (100%); Lachlan fold NSW
The Turon Project covers 120km^2 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 (10m @ 1.64g/t Au from surface to EOH).

The information in this section that relates to exploration results was first released by the Company on 19 June 2019 until the 24 May 2022. 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

APENDIX A: JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary

Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized 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 pulverized 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 may warrant disclosure of detailed information.*
		• A moving loop electromagnetic survey (MLEM) has been acquired over several aero electromagnetic versatile time domain electromagnetic (VTEM) conductive anomalies
		• Approximately 45 line kilometre have been completed, typically running north-south
		• First pass traverses were undertaken with the following configuration:
		  o along north south oriented traverses
		  o using a square 200m transmitter loop
		  o with 100m and 200m spaced stations,
		  o a base frequency of 1 Hz (0.250msec off time).
		• Infill lines used the following configuration:
		  o along North-south orientated lines
		  o using a square 100m transmitter loop
		  o with 100m and 50m stations
		  o a base frequency of 0.25 Hz (1 second off).
		• The survey was conducted by Vortex Geophysics with data reviews taken daily be external consultant at Montana GIS

Drilling techniques	• *Drill type (e.g., core, RC, open-hole hammer, RAB, auger etc.) and details (e.g., 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 maximize 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.*	• N/A
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) 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, whether 1/4, 1/2 or whole core taken.* • *If non-core, whether riffled, 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 maximize 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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. 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, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• N/A
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar & downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Stations were surveyed by a handheld GPS • The grid system used on the Mt Clere Project for all surveys is GDA94 Zone 50.
Data spacing and distribution	• *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 Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Variable spacing of stations were undertaken as per phase of the traverse; ranging from 200-100m for first pass lines to 50-100m on infill lines.

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The orientation of the survey is typically perpendicular to the magnetic lineaments and expected geological formations.
Sample security	• *The measures taken to ensure sample security.*	• N/A.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The MLEM system was inspected daily by the contractor. • Data was reviewed at the end of collection and at end of day in the field by trained professionals at Vortex and sent to Montana GIS for varification.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement andland 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 knownimpediments to obtaining a licence to operate in the area.*	• Survey was undertaken in E09/2537, E52/3876 and E52/3836 • The tenements are owned and managed by Krakatoa • The Company holds 100% interest and all rights in the Mt Clere tenements • All are considered to be in good standing.
Exploration by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Various parties have held different parts of the Mt Clere Project in different periods and explored for different commodities over several decades. • The project area was previously explored by BHP, All Star and Astro Mining NL respectively for Au, Pb-Zn-Ag mineralisation and diamonds (see ASX announcement 9 October 2020 and 19 June 2019).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The project covers regions of structural complexity within the Narryer Terrane in the Yilgarn Craton said to represent reworked remnants of greenstone sequences that are prospective for intrusion-hosted Ni-Cu-(Co)-(PGE's).
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) ofthe 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
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 shouldbe a clear statement to this effect (e.g. 'down hole length, true width not known').*	• N/A

Criteria	JORC Code explanation	Commentary
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 sectional views.*	• Refer to figure in the body of text.
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.*	• N/A
Further work	• *The nature and scale of planned further work (eg tests for lateral extensionsor depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the* • *main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Drilling is being planned • MLEM and downhole EM maybe used in future programs