



5 July 2022

Extension of Pegmatite Complex identified at Dalgara Critical Metals Project, WA

- Resource drilling highlights additional thick pegmatite zones outside of historical exploration footprint
- Infill drilling reaffirms existing geological model
- Reconnaissance drilling to south intersects shallow pegmatites with up to 16m encountered within the upper 30m in one hole (DAL029)
- Newly identified and extensional pegmatite zones remain open to north and south
- All samples are currently at the laboratory for analysis

Krakatoa Resources Limited (ASX: KTA) (“Krakatoa” or the “Company”) is pleased to inform the market that resource drilling has been completed at its 100% owned Dalgara critical metals project located approximately 70km from Mt Magnet, WA.



Figure 1: Looking south over area of major concentration of drilling (middle ground), showing pit bunding (centre right), with remnant ore and plant area shown (back ground).



ASX Code
KTA

Capital Structure

344,709,917 Fully Paid Shares
21,200,000 Options @ 7.5c exp 29/11/23
5,000,000 Options @15c exp 29/11/23
15,000,000 Performance Rights at 20c, 30c and 40c.

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Krakatoa's CEO Mark Major commented

“The potential of the Dalgaranga project has been strengthened with rising demand and prediction of further demand and price increases of critical and strategic metals identified within this pegmatite complex. The company recognised the projects potential, and the current drilling has highlighted this with extensions of the main pegmatite being identified and remaining open. This compliments the thick shallow pegmatite already intersected in the reconnaissance holes to the south. All things considered the drilling has been very successful and we now await the assay results with some excitement. We believe the project has substantial upside which could be a great result for the shareholders.”

The company drilled thirty-two RC drillholes for a total of 3045m during May and June 2022 (Figure 1 and 2). The program targeted a suite of mineralized pegmatites which are enriched in rubidium, tantalum, caesium, niobium and lithium and was designed to infill existing drilling to a nominal 40 x 40m spacing to allow calculation of a maiden mineral resource. Rubidium was the primary target of the drilling with previous work having returned highly anomalous values over a large areal extent.

The rubidium mineralization is not obviously visible therefore it is not possible to infer grades at this stage, however thick intersections of pegmatite were regularly encountered at the expected depths and the existing geology model was shown to be accurate. Approximately 1400 samples have been shipped to ALS in Malaga for assaying, with results expected in due course.

Whilst the drilling was mainly infill, a number of extensional holes were added to the program with very promising results. Drillhole DAL033 encountered 32m of pegmatite from 33-65m downhole, which extended the known boundary of the central pegmatite north by 65m. Similarly, drillhole DAL004 encountered 12m of pegmatite from 46m downhole and extends the central pegmatite south by 30m. These extensional drillholes allow us to add significant tonnage to the pegmatite model and importantly they also indicate that the system has not been closed out yet.

Farther south on the tenure and beyond any existing drilling, three exploration holes (DAL027 – DAL029) were drilled to test an area where geological mapping had indicated pegmatite at surface. The results from these holes were particularly pleasing, with DAL029 returning 16m of pegmatite from three lenses in the first 30m of the drillhole and additional pegmatite below 74m. DAL029 is located 650m south of our existing wireframes and 200m south of the previous southernmost hole. At this stage there is insufficient data to infer continuity of the pegmatites along the full 650m of strike extent, however future drilling plans will seek to test this theory.

All drillhole data including the pegmatite intersections are detailed in Table 1. The reference to pegmatite does not necessarily reflect the presence the critical metals or a mineralised zone. It only represents the geological lithology in which the mineralisation has been recorded and evidenced from by previous exploration. Figures 3 and 4 show chip trays of the geological profile displaying the representative samples at each metre interval. It is shown in DAL016 (Figure 3) that the pegmatite is present within two intervals. The first interval of 4 metres starting at 32 metres and a second wider intersection of 22 metres from 70m downhole. DAL018 (Figure 4) encountered 44 metres of pegmatite from 33 metres downhole. Within these pegmatite zones several zones of associated critical metals mineralisation are thought to be present. No grade or associated mineralisation is determination is given or assumed and will be forthcoming once the laboratory analysis is complete.

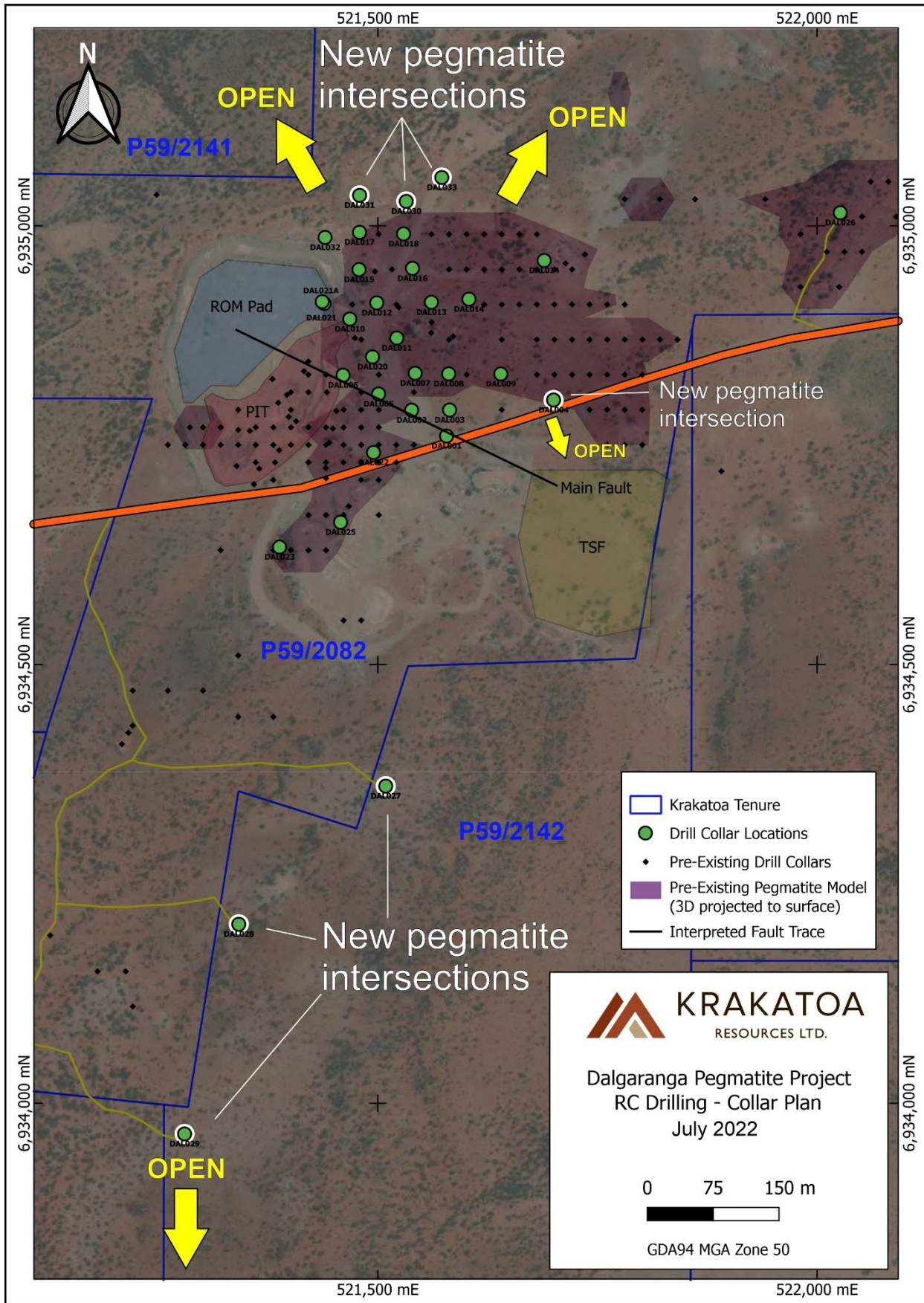


Figure 2 Location of drill holes, remanent mine facilities and pre-existing pegmatite model.



Figure 3 Photograph of sample chip trays for DAL016 showing zones of pegmatite intersections (typically light silver white colour).



Figure 4 Photograph of sample chip trays for DAL018 showing zones of pegmatite intersections (typically light silver white colour).

History

The Dalgaranga pegmatite complex 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.

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.

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 by Krakatoa in late 2016 to mid-2017. Rock sampling over this period (previously reported in ASX announcements on 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.

In late 2021 the company defined an Exploration Target, based on historical drill holes of between **1,470,000 to 3,185,000 tonnes** with estimated grades of Rubidium (500-2000ppm), Lithium and Niobium, Tantalum, Tin and Tungsten as reported in ASX Announcement 8 November 2021. The potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There is insufficient exploration to estimate a Mineral Resource and it is uncertain if the results of the current drilling will result in the estimation of a Mineral Resource, although this is the objective of this drilling program.

The modelled pegmatite which constituted to the Exploration target has 156 historical holes (5,071m) and 11 holes (1,066m) drilling by Krakatoa in 2017. Only four elements were assayed within the historical holes. The company will expand the analysis with a focus on the rubidium, lithium, niobium, tantalum, tin and tungsten across the modelled target area.

Next Steps

The Dalgaranga 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.

Work is now ongoing to model the pegmatites in detail and compile supplementary data to support a maiden mineral resource estimation. On positive resource definition the company will undertake initial metallurgical test work to identify suitable product suites from the various zones within the pegmatite complex.

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.

Rubidium (as Rubidium carbonate) has many industrial uses typically for enhancing stability and durability as well as reducing conductance. It is currently principally used in speciality glasses such as fibre optic cables, telecommunications systems including an important role in GPS systems, and night vision devices. There are also uses in medical equipment and quantum computing.

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. 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.

TABLE 1 – Summary details of drillholes (Coordinates are in GDA94 MGA Zone 50, with elevations in AHD. Drillhole locations were determined to three decimal places by a registered surveyor using an RTK DGPS).

Hole ID	Northing	Easting	Elevation (masl)	Dip / Azi (deg)	EOH Depth (m)	Pegmatite		Comment
						Thickness (m)	From (m)	
DAL001	6934761	521578	466	-90	54	Nil	Nil	Complete, quartz vein intersected
DAL002	6934791	521539	465	-90	102	2	6	Complete
						2	72	
						4	87	
DAL003	6934791	521582	465	-90	90	1	59	Complete
						2	73	
DAL004	6934803	521700	462	-90	66	12	46	Complete
DAL005	6934809	521501	464	-90	157	5	74	Complete
						74	81	
DAL006	6934831	521461	464	-90	156	29	118	Complete
DAL007	6934833	521543	463	-90	162	43	112	Complete
DAL008	6934832	521581	463	-90	180	8	73	Complete
DAL009	6934832	521640	462	-90	96	10	49	Complete
						2	85	
DAL010	6934895	521468	462	-80 /220	140	17	104	Abandoned early - ground conditions
DAL011	6934873	521522	462	-90	138	26	103	Complete
DAL012	6934913	521499	462	-90	120	40	82	Complete
DAL013	6934914	521561	461	-90	102	11	44	Complete
DAL014	6934917	521604	461	-90	90	3	37	Complete
						1	74	
DAL015	6934951	521479	461	-90	96	16	71	Complete
DAL016	6934953	521540	461	-90	102	4	32	Complete
						22	70	
DAL017	6934994	521479	460	-90	84	13	61	Complete
DAL018	6934992	521529	460	-90	85	44	33	Complete
DAL020	6934852	521494	463	-90	70	-	-	Abandoned early - ground conditions
DAL021	6934913	521439	462	-90	82	-	-	Abandoned due to hole issues
DAL021A	6934915	521437	462	-90	76	-	-	Abandoned early - ground conditions
DAL022	6934743	521495	467	-90	54	22	10	Complete
DAL023	6934635	521388	470	-90	30	6	8	Complete
DAL024	6934962	521689	460	-90	30	14	0	Complete
DAL025	6934663	521458	472	-90	24	3	2	Complete
DAL026	6935016	522027	457	-90	30	5	6	Complete
DAL027	6934363	521509	479	-90	114	25	14	Complete
DAL028	6934205	521342	469	-90	77	2	3	Abandoned early - ground conditions
DAL029	6933966	521280	461	-90	102	16	1	Complete, outside geological model.
						13	74	16m inside top 30m.
DAL030	6935029	521533	460	-90	84	4	12	Complete, outside geological model
						41	19	
DAL031	6935036	521479	460	-90	92	2	54	Complete, outside geological model
						6	65	
DAL032	6934988	521440	460	-90	88	-	-	Abandoned early - ground conditions
DAL033	6935056	521573	459	-90	72	32	33	Complete, outside geological model

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



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. 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 2241km², 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 (2,008km²). 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 80km² 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 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 (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