KRAKATOA

Resources Limited

ABN 39 155 231 575

KRAKATOA RESOURCES LTD

Board:

Colin Locke (Exec. Chairman)

Aryo Bimo (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

48,013,068 Fully Paid Shares

23,063,002 Listed Options @ 20c exp 31/03/17

838,333 Unlisted Options @ 20c exp 31/03/17

8,000,000 Unlisted Options @ 40c exp 31/03/17

ASX Code:

KTA

KTAOA

Transaction Summary:

- **100% acquisition for 2 Million Ordinary Shares & 2 Million Options exercisable at $0.20 prior to 31/03/17.**
- **$25,000 cash, 1 Million Ordinary Shares & 1 Million Options exercisable at $0.20 prior to 31/03/17 upon grant of tenure.**

Krakatoa acquires highly prospective Tantalum-Lithium Project

- ***Significant historical open pit production of Tantalum***
  - ***6,434kg of Ta_2O_5 Produced between 2001-2003***
- ***Extensive historical exploration database being compiled***
- ***Zinnwaldite (lithium mineral) identified within Dalgaranga Open Pit***
- ***Placement completed to fund upcoming exploration activities***

Krakatoa Resources Ltd ("Krakatoa" or "the Company", ASX: **KTA**) is pleased to announce that it has acquired 100% of the Dalgaranga Tantalum-Niobium Lithium Project in Western Australia.

Figure 1: Exposed Pegmatite Vein within Dalgaranga Open Pit (3.6m wide)

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Location, Access & Infrastructure

The Dalgaranga Project is located 80km north west of Mount Magnet in Western Australia (Figure 2). Access is via well maintained Shire Roads.

Historical infrastructure including significant access tracks, tailings dam, water monitoring bores and ore stock piles (with remnant oversize material).

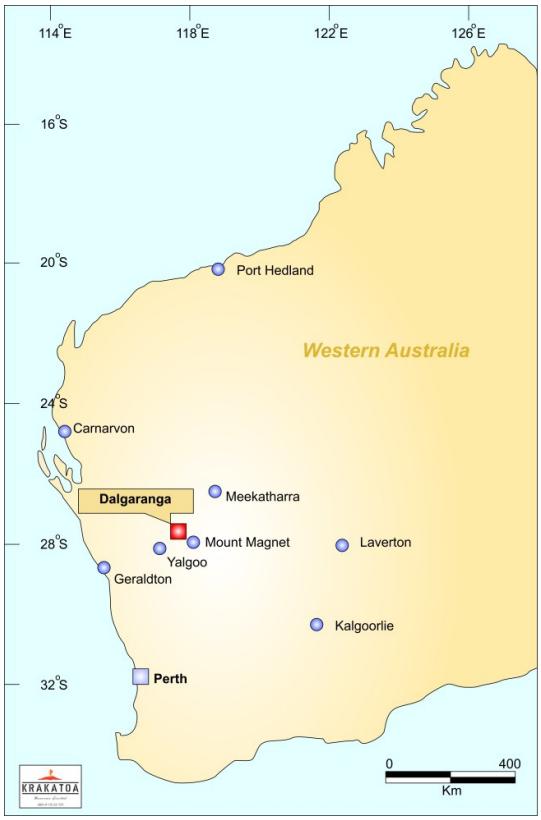

Figure 2: Location Plan

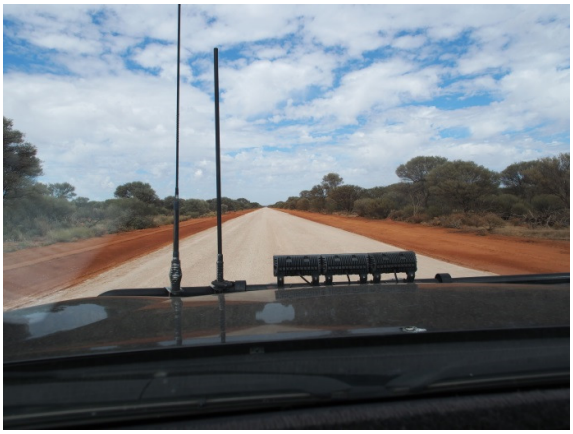

Figure 3: Site Access Road

Figure 4: Existing Site Infrastructure

Project Geology

The geology of the Dalgaranga Project consists of a suite of fine grained, foliated, clastic sediments (siltstone and arkose) with tuffaceous units occurring on the eastern margin.

Tuffaceous units within the open pit include bands (<300mm) of chiastolite rich siltstone ("knotted schists"). The rocks are folded with north easterly axes and are often moderately foliated. Banded iron formations exist on the north west margin.

The "Open Pit Pegmatite Vein" and those veins to the south appear to have been intruded parallel to the folded sediments. Within the open pit area pegmatites range between 0.5 to >10m in thickness. To the south of the ROM and tailings dam, pegmatites ranging between 0.5 to 3m thickness have been mapped.

The main tantalum minerals at Dalgaranga Mine were tapiolite and tantalite, with lesser microlite. Tantalite ranged from very fine grained to very coarse, up to several centimeters. Local concentrations of tin, tungsten and lithium minerals have also been noted.

Occurrences of Zinnwaldite (lithium mineral, $KFe_2^{2+}Al(Al_2Si_2O_{10})(OH)_2$ to $KLi_2Al(Si_4O_{10})(F,OH)_2$) have been noted by the Western Australian Museum. Detailed mapping and sampling is to be undertaken to determine the potential and extent of lithium mineralisation within the Project.

Figure 5: Zinnwaldite Specimen (Western Australian Museum, 2015)

Historical Mining

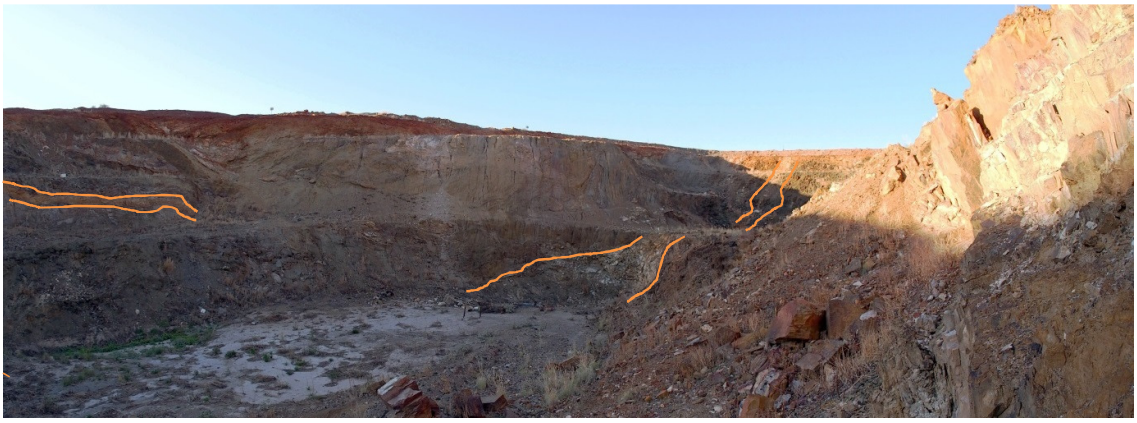

Figure 6: Dalgaranga Open Pit, Looking South-South- West, with mapped pegmatites

Dalgaranga was initially discovered by Dann Todd in about 1961 and subsequently underwent small scale mining over many years, producing tantalum, beryl, tin and tungsten. Alluvial mining of tantalite have additionally been mined throughout the project area.

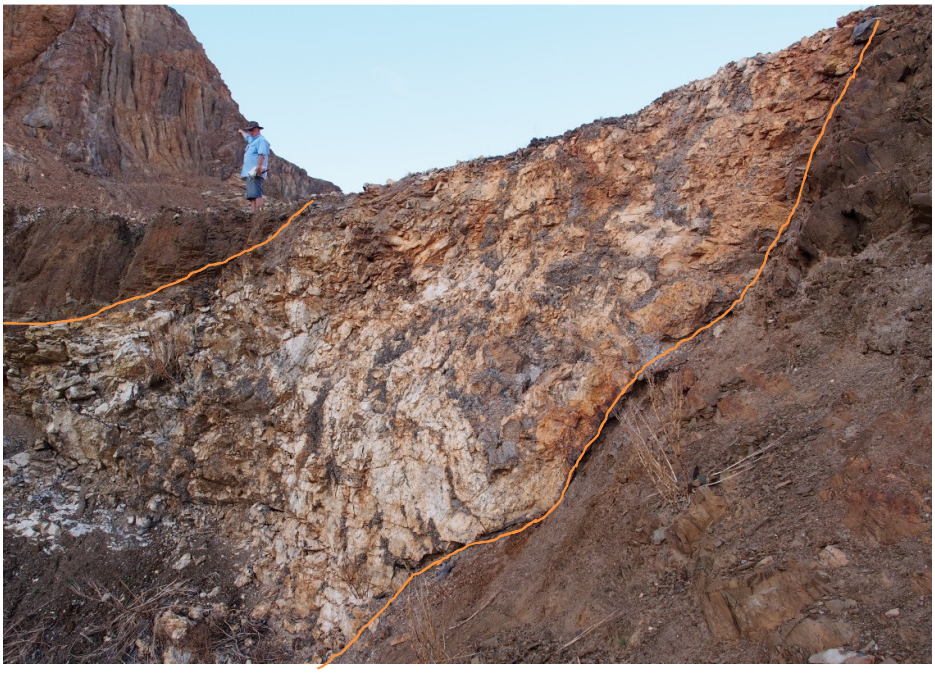

Figure 7: Open Pit Pegmatite Vein

The open pit is 200m long, 40m wide and up to 15m deep. The host pegmatite strikes north west and dips at a shallow angle to the north east.

Recently mine development and plant construction was undertaken by Tantalum Australia in 2001, mining ended in 2002 and processing ceased in 2003. Between July and December 2002, the Dalgaranga Plant treated 49,000t of ore sourced from the open pit and previously mined stockpiles. Total production was 30.5t of concentrate containing 6,434kg of Ta_2O_5. (Production figures sourced from Department of Minerals and Petroleum of Western Australia, *Industrial minerals in Western Australia: The Situation in 2004*).

On the 30th of April 2003, Tantalum Australia NL reported in their quarterly activity report on the ASX that the Dalgaranga Plant was dismantled and sent to Perth for refurbishment and incorporation into a new coarse jig plant being constructed for the company's Gascoyne Project. Furthermore, it was stated that once commercial production commenced at Gascoyne, it was planned to commission the remaining spiral and table circuit at Dalgaranga.

Work Program

- Acquisition of Dalgaranga Project- **COMPLETED!**
- Compile all existing data and report on results- **UNDERWAY**
- Conduct rock chipping and sampling of pegmatites in open pit- **Planned**
- Airborne survey to obtain accurate digital terrain model and imagery- **Planned**
- Detailed geological mapping across project area- **Planned**
- Evaluation of the potential of tailings and waste dumps- **Planned**

Consideration

Krakatoa has entered into an agreement to purchase 100% of Dalgaranga Project-prospecting licence P59/2082. Key terms of the agreement are:

1. Krakatoa issues the Seller 2,000,000 fully paid ordinary shares at an issue price of $0.15 and 2,000,000 listed options exercisable at $0.20 on or before 31 March 2017 upon signing of tenement sale agreement;

2. Issue to the Seller 1,000,000 fully paid ordinary shares at an issue price of $0.15, issue to the Seller 1,000,000 listed options exercisable at $0.20 on or before 31 March 2017 and pay $25,000 upon the grant of the Prospecting Licence.

Funding

In conjunction with entering into the Agreement, Krakatoa has also secured commitment for a placement of up to 2,000,000 ordinary shares in the Company (pursuant to the Company's placement capacities under Listing Rules 7.1 and 7.1A) which will be issued at $0.15 per share to sophisticated investors, to raise approximately $300,000 before costs of issue.

Funds raised will be used to progress the proposed exploration activities at Dalgaranga and to provide working capital.

Total issued capital upon completion of acquisition and capital raising will be 53,013,068 ordinary shares, 26,063,002 listed options expiring 31 March 2017 ($0.20 exercise), 838,333 unlisted options expiring 31 March 2017 ($0.20 exercise) and 8,000,000 unlisted options expiring 31 March 2017 ($0.40 exercise).

About Tantalum

Tantalum is a critical component in the manufacture of electrical equipment components including capacitators and high powered resistors. In addition tantalum is used to produce a variety of metal alloys that have high melting points, strength and ductility. These alloys are utilised in making carbide tools for metal working equipment and the production of superalloys for jet engine components, chemical process equipment, nuclear reactors and defence technology.

About Lithium

The recent demand for lithium-ion batteries through substantial recent growth in the renewable energy storage, hybrid vehicles and electric bike industries has resulted in profound increases in the pricing of lithium. Presently conventional applications (predominantly glass and ceramics) comprise 70% of global market share.

Contact:

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Forward Looking Statements

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 person's statement:

The information in this announcement that relates to Dalgaranga Project Exploration Results is based on information compiled and fairly represented by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Geonomics Australia Pty Ltd. 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 report of the matters based on this information in the form and context in which it appears.

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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Comments
Sampling techniques	*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.*	No sampling reported
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	No sampling reported
	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.	No sampling reported
Drilling techniques	*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).*	No drilling reported
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling reported

Criteria	JORC Code explanation	Comments
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling reported
	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.	No drilling reported
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.*	No drilling reported
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	No drilling reported
	The total length and percentage of the relevant intersections logged.	No drilling reported
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling reported
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	No drilling reported
	For all sample types, the nature, quality and appropriateness of the sample preparation techniques	No drilling reported
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No drilling reported
	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.	No drilling reported
	Whether sample sizes are appropriate to the grain size of the material being sampled.	No drilling reported
Quality of assay data and laboratory	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	No assaying reported

Criteria	JORC Code explanation	Comments
tests	*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.*	No geophysical results reported
	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.	No sampling reported
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	No sampling reported
	The use of twinned holes.	No drilling reported
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No exploration results reported
	Discuss any adjustment to assay data.	No assay data reported
Location of Data Points	*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.*	No location data reported
	Specification of the grid system used.	MGA94- Zone 50
	Quality and adequacy of topographic control.	No detailed topographic coverage available at present. Airborne survey planned to be conducted.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	No drilling reported
	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.	No drilling reported
	Whether sample compositing has been applied.	No drilling reported

Criteria	JORC Code explanation	Comments
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.*	No drilling reported
	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.	No drilling reported
Sample security	*The measures taken to ensure sample security.*	No samples reported
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits conducted. Data is in the process of being collated into digital form.

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	*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.*	Dalgaranga, Prospecting licence application P59/2082 is 100% owned by Krakatoa Resources Ltd. A further 1,000,000 ordinary fully paid shares, 1,000,000 options with an exercise price of $0.20 (expiry 31/03/17) and $25,000 is payable upon grant of the licence. No impediments towards grant of the licence have been identified.
	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.	The Prospecting Licence Application P59/2082 has no known impediments towards its grant.
Exploration	*Acknowledgment and appraisal of exploration by other parties.*	Exploration and historical mining has been conducted by Australasian Gold Mines NL and Tantalum Australia NL. The data pertaining to the exploration activities is presently being compiled.
Geology	*Deposit type, geological setting and style of mineralisation.*	The geology of the project area consists of a suite of fine grained, foliated clastic sediments (siltstone and arkose) with possible rare tuffaceous members on the eastern margin. Tuffaceous members occurring within the pit include bands (<300mm) of chiastolite rich siltstone ("knotted schists"). The lithologies are folded with north easterly axes and are often moderately foliated. The main open pit pegmatite vein and those veins to the south appear to have been intruded parallel to folding of the sediments. The pegmatite veins within the Project area have the same fundamental mineralogy of quartz, microcline, albite and muscovite. Beryl and tourmaline are major accessories. Previous mining indicates that coarse grained tapiolite is present in the open pit vein. The Western Australian Museum has reported and sampled Zinnwaldite within the Dalgaranga Open Pit.
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:*	No Drilling Reported
	○ *easting and northing of the drill hole collar*	No Drilling Reported
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	No Drilling Reported
	○ *dip and azimuth of the hole*	No Drilling Reported

Criteria	JORC Code explanation	Commentary
	○ *down hole length and interception depth*	No Drilling Reported
	○ *hole length.*	No Drilling Reported
	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.	All historical exploration data is in the process of being compiled. Further releases will be made to the market upon finalisation of the collation process and verification. In addition a detailed digital terrain model is required to accurately define the mining undertaken subsequent to exploration activities as there is no accurate final pit digital terrain model post mining.
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.*	No exploration results reported
	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.	No exploration results reported
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	No exploration results reported
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The general orientation and geometry has been reported in the body of the announcement based on pit mapping.
	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').	No drilling reported.
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 appropriate sectional views.*	No results reported
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.*	No results reported
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.*	At present historical data pertaining to the project area is being compiled. Further releases will be made to market upon completion.

Criteria	JORC Code explanation	Commentary
Further Work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Upon completion of an airborne survey to obtain a digital terrain model, and collation of historical exploration data, further releases will be made to market. In addition suitable subsequent exploration activities will be planned.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further exploration will be planned once available data has been compiled and reviewed.