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:

53,492,768 Fully Paid Shares

25,063,002 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

Projects:

- **Dalgaranga, WA, Ta-Li-Sn**
- **Mac Well, WA, Beryl**
- **Bone Bay, Sulawesi, Graphite**

High Grade Rock Chip Results- Dalgaranga Open Pit

- ***High grade rock chip result indicate tenor of mineralisation within Dalgaranga Open Pit***
  - ***16D004: 768ppm Ta_2O_5***
  - ***16D005: 418ppm Ta_2O_5, 725ppm NbO***
  - ***16D012: 0.52% Li_2O***
  - ***16D016: 1,854ppm Ta_2O_5, 152ppm NbO***
  - ***16D017: 1,202ppm Ta_2O_5***
- ***Data collation has outlined extent of outcropping pegmatites***
  - ***Lepidolite (lithium/rubidium mica mineral) identified in mapping within pegmatites***
- ***Field based exploration activities has commenced to confirm extents and identify mineralogy of pegmatites within Dalgaranga***
  - ***Rock chipping and channel sampling to be undertaken***

Krakatoa Resources Ltd ("Krakatoa" or "the Company", ASX: **KTA**) is pleased to announce the high grade results of rock chip sampling undertaken within the Dalgaranga Open Pit. The initial program aimed towards defining the extent, mineralogy and tenor of tantalum mineralisation within the open pit.

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Work Program

A rock chip sampling campaign was conducted within the vicinity of the historical Dalgaranga Open Pit. The program aimed to determine the tenor of exposed mineralisation within the open pit, confirm the presence of Zinnwaldite (lithium mica mineral) and develop an understanding of the potential for hosting extensions to the previously mined tantalum-niobium mineralisation.

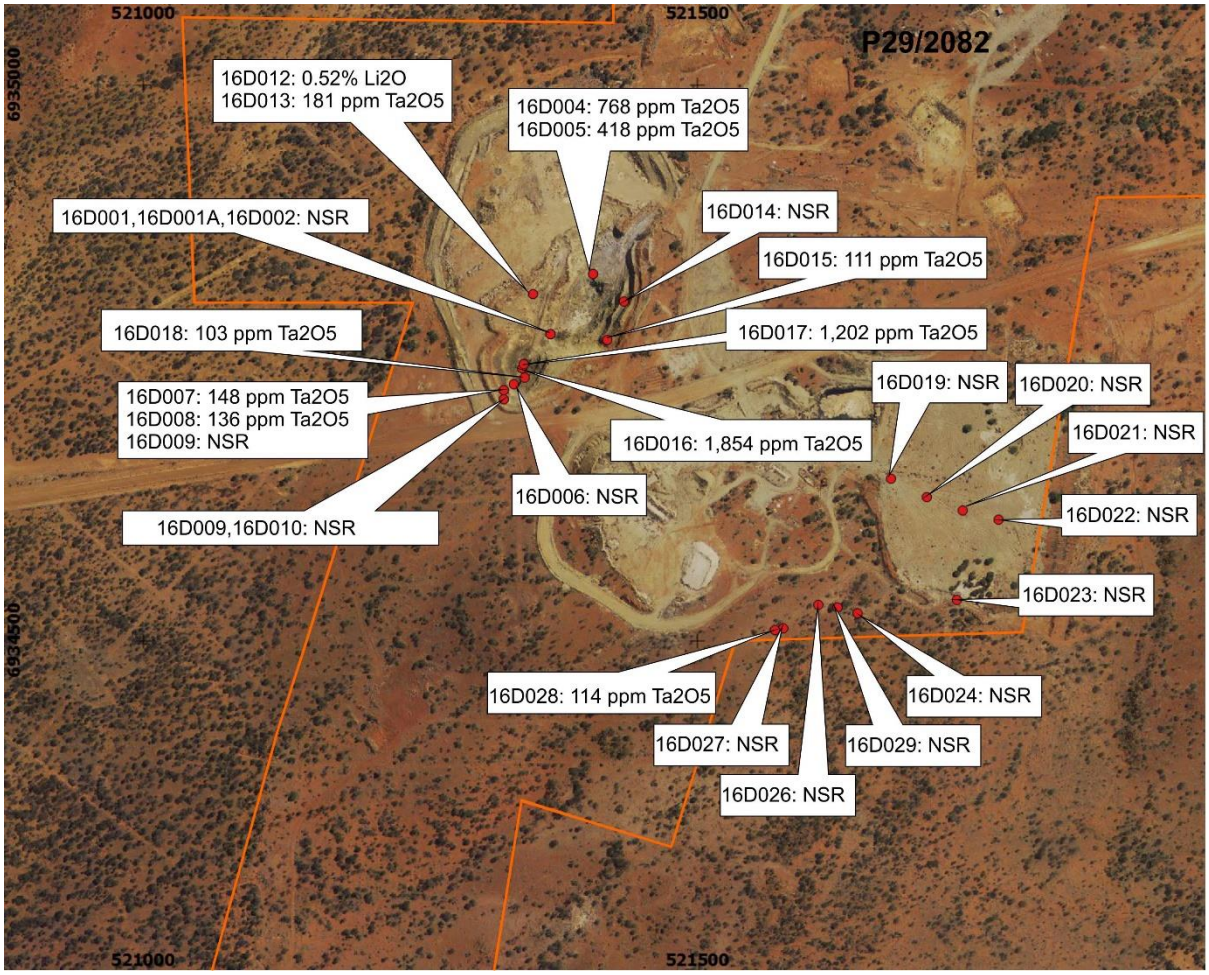

Figure 1: Rock Chip Sampling Location Plan

Rock chip samples returned up to 1,854ppm Ta_2O_5 confirming that high grade mineralisation remains within the open pit. Detailed mapping and channel sampling is proposed to be conducted to determine the extents of mineralisation within the surrounds of the open pit.

Figure 2: Existing Site Infrastructure

Zinnwaldite (lithium mica mineral) was logged in sample 16D012 which reported 0.52% (5,163ppm) Li_2O. This confirms the presence of lithium minerals within the pegmatites at Dalgaranga. To date work by Krakatoa has focussed only on the open pit area. Mapping by previous operators has documented the extent of pegmatites within the Project area and additionally has noted the presence of lepidolite (lithium mica mineral) within an outcropping pegmatite.

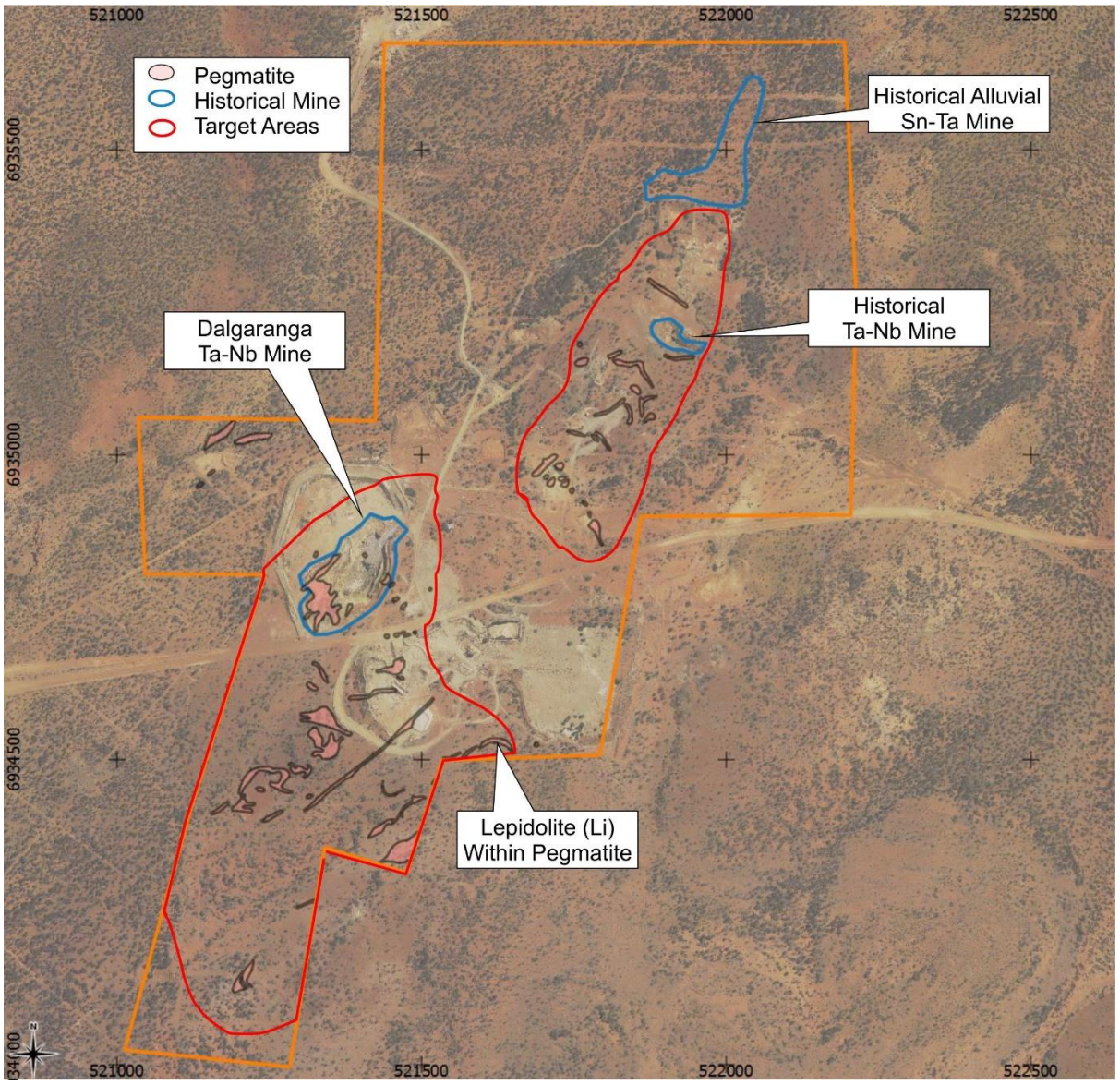

Figure 3: Dalgaranga- Historical Pegmatite Mapping, Historical Mining and Target Areas

The Western Australian Dalgaranga property is particularly noteworthy in that it contains Tantalum and Lithium as two co-products for which there is burgeoning demand in the new green technology industries.

On a per tonne basis, Tantalum and derivatives thereto enjoy significantly higher sale prices as compared to Lithium related products, with the Tantalum ore (Ta2O5) price at US$123,610/t in January 2016.

Work Program

Acquisition of Dalgaranga Project- **COMPLETED!**

Conduct rock chipping and sampling of pegmatites in open pit- **COMPLETED!**

Compile all existing data and report on results- **Underway**

Survey to obtain accurate DTM and imagery- **Underway**

Detailed geological mapping across project area- **Underway**

Evaluation of the potential of tailings and waste dumps- **Underway**

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.

Appendix 1: Table of Results – Rock Chip Sampling

Sample	Easting	Northing	Be ppm	Ce ppm	Cs ppm	Li2O ppm	NbO ppm	Rb ppm	Ta2O5 ppm
16D001	521,367	6,934,776	56	22	222	1,321	73	**4,014**	37
16D001A	521,367	6,934,776	102	7	186	1,074	95	3,390	35
16D002	521,367	6,934,776	50	13	71	300	67	429	46
16D003	521,367	6,934,776	7	2	79	474	**396**	1,232	**329**
16D004	521,406	6,934,830	8	69	83	694	50	1,262	**768**
16D005	521,406	6,934,830	35	319	149	1,101	**725**	2,459	**418**
16D006	521,335	6,934,731	46	6	6	83	77	61	65
16D007	521,352	6,934,776	7	4	76	624	130	1,349	148
16D008	521,352	6,934,776	9	2	35	240	**181**	588	136
16D009	521,352	6,934,726	5	5	11	135	68	231	92
16D010	521,326	6,934,717	27	6	91	1,258	80	1,722	54
16D011	521,326	6,934,717	7	11	253	614	10	838	10
16D012	521,352	6,934,813	17	9	377	**5,163**	102	1,324	75
16D013	521,352	6,934,813	7	20	19	202	**339**	283	**181**
16D014	521,434	6,934,805	13	7	215	1,193	117	2,834	70
16D015	521,419	6,934,771	5	12	37	318	297	381	111
16D016	521,342	6,934,745	65	35	183	1,043	**153**	1,696	**1,854**
16D017	521,343	6,934,749	59	9	34	250	13	313	**1,202**
16D018	521,344	6,934,736	55	20	124	789	62	1,244	103
16D019	521,674	6,934,646	35	27	123	684	57	1,093	67
16D020	521,707	6,934,630	29	26	51	341	29	521	95
16D021	521,740	6,934,618	24	22	61	392	34	566	42
16D022	521,772	6,934,609	186	25	98	553	44	754	41
16D023	521,734	6,934,527	73	24	120	723	36	1,193	60
16D024	521,644	6,934,542	3	8	24	108	14	1,070	10
16D025	521,609	6,934,532	19	6	13	145	9	281	11
16D026	521,578	6,934,511	2	3	29	34	20	970	18
16D027	521,570	6,934,510	3	6	11	172	6	309	5
16D028	521,627	6,934,530	9	4	20	113	84	409	114
16D029	521,367	6,934,776	3	7	36	83	24	1,224	29

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.*	Reconnaissance rock chip sampling conducted by visual identification of prospective lithological units within the historical Dalgaranga Open Pit and its surrounds Location of samples was determined using a Garmin handheld GPS unit with an accuracy of +/-5m
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Samples taken typically weighed in the range of 3 to 4kg
	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.	Not applicable
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*	No drilling reported

Criteria	JORC Code explanation	Comments
	tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling reported
	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.	Rock chip samples were visually logged and photographed
	The total length and percentage of the relevant intersections logged.	No drilling reported
Sub-sampling	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling reported

Criteria	JORC Code explanation	Comments
techniques and sample preparation	*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	3 to 4 kg rock chip sample was collected from the outcrops identified Samples were collected from the pegmatite in a representative method so as to not introduce selective sampling bias
	For all sample types, the nature, quality and appropriateness of the sample preparation techniques	Whole rock samples were submitted to Intertek Perth Laboratories for crushing, grinding and assaying in accordance with industry best practices. No field preparation of samples was conducted
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The samples collected are representative of the outcropping pegmatite units
	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.	Field duplicate samples were taken and high grade samples were re-assayed to confirm validity
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sufficient sample mass was collected to provide a representative sample of the coarse grained pegmatite
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.*	Samples were submitted to Intertek Laboratory in Perth for sample preparation and analysis by Intertek using four acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes with Inductively Coupled Plasma Mass Spectrometry Finish

Criteria	JORC Code explanation	Comments
	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.	Field duplicate samples were submitted for analysis
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Samples were collected, visually inspected, logged and verified against assay results by consultant geologists of Krakatoa
	The use of twinned holes.	No drilling reported
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All field data is manually captured in the field, entered into excel spreadsheets and then imported into validated access databases
	Discuss any adjustment to assay data.	Lab reported Li ppm assays have been converted to industry standard Li_2O% figures in line with industry practices using the formula (Li_2O%= Li x 2.153). Similarly for Ta ppm to industry standard Ta_2O_5 ppm using the formula (Ta_2O_5=Ta x 2.442), NbO ppm (NbO= Nb x 1.172)
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.*	Samples were located using a Garmin handheld GPS with an accuracy of +/- 5m

Criteria	JORC Code explanation	Comments
	Specification of the grid system used.	MGA94- Zone 50
	Quality and adequacy of topographic control.	Topographic control using GPS is more than adequate for rock chip sampling.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Sample points were selected on the basis of visual logging and thus were not collected on a regular grid or pattern
	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.	Sampling reported is of reconnaissance nature and not for the purposes of the delineation of a mineral resource.
	Whether sample compositing has been applied.	No sample compositing conducted.
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.*	Sampling was conducted across specific points. Further systematic channel sampling is planned to be conducted.
	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.*	Samples were collected, transported and submitted to the

Criteria	JORC Code explanation	Comments
		laboratory by KTA consulting geologists.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been conducted at this early stage of reconnaissance.

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

Criteria	JORC Code explanation	Commentary
		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
	o *easting and northing of the drill hole collar*	No Drilling Reported
	o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	No Drilling Reported
	o *dip and azimuth of the hole*	No Drilling Reported
	o *down hole length and interception depth*	No Drilling Reported
	o *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

Criteria	JORC Code explanation	Commentary
		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 modification of results was conduced.
	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 aggregation of data was conducted.
	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 drilling or intercepts 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.*	Map of sampling location, historical pit location and mapped pegmatites have been included in body of announcement.

Criteria	JORC Code explanation	Commentary
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.*	All results including those without significant results have been 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.
Further Work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Detailed geological mapping and systematic sampling of pegmatites is planned to be conducted.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	A plan of the extents of pegmatites has been included. Drilling will be planned pending the outcome of the mapping and sampling program.