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KRAKATOA
Resources Limited
ABN 39 155 231 575

22 April 2016

March 2016 Quarterly Activities Report

Krakatoa Resources Limited (ASX: **KTA**) ("**Krakatoa**" or **the** "**Company**") is pleased to provide the following summary of activities conducted in the March 2016 quarter.

Dalgaranga Project (Ta-Li-Sn)

As announced on 2 March 2016, Krakatoa acquired 100% of the Dalgaranga Tantalum-Niobium Lithium Project. The Dalgaranga Project is located 80km north west of Mount Magnet in Western Australia. Access is via well maintained Shire Roads. Historical infrastructure includes significant access tracks, tailings dam, water monitoring bores and ore stock piles (with remnant oversize material).

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 has additionally been mined throughout the project area. The open pit is 200m long, 40m wide and up to 15m deep. The host pegmatite strikes North West and dips north east at a shallow angle.

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).*

Figure 1: Existing Site Infrastructure

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Subsequent to period end, the Company announced completion of a rock chip sampling campaign 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.

Rock chip samples returned up to 1,854ppm Ta_2O_5 confirming that high grade mineralisation remains within the open pit. Zinnwaldite (lithium mica mineral) was logged in sample 16D012 which reported 0.52% (5,163ppm) Li2O. This confirms the presence of lithium minerals within the pegmatites at Dalgaranga. A full listing of results from the rock chip sampling campaign is detailed in the Company's announcement dated 8 April 2016.

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. Detailed mapping and channel sampling is proposed to be conducted to determine the extents of mineralisation within the surrounds of the open pit.

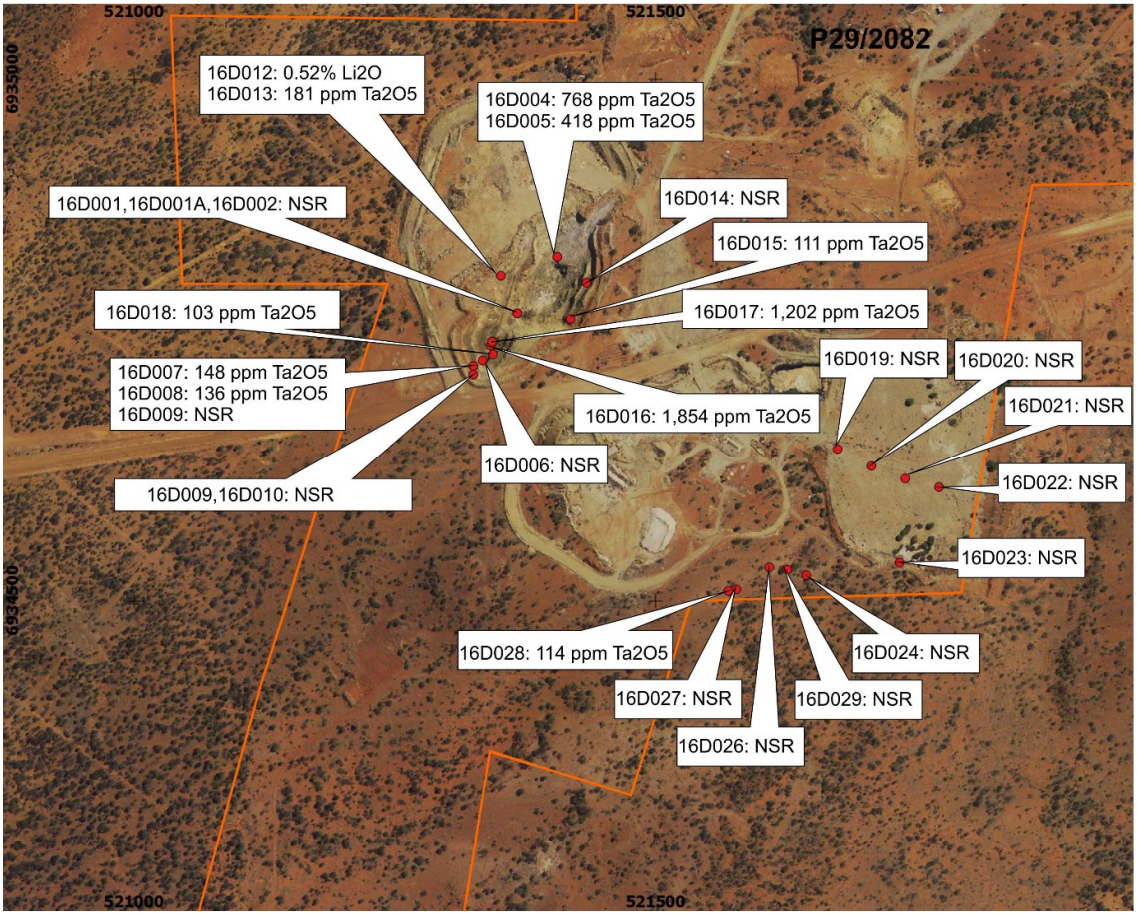

Figure 2: Rock Chip Sampling Location Plan

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Mac Well Project (Beryl)

During the March 2016 quarter, Krakatoa made an Exploration Licence Application across the Boungoonoo pegmatite-hosted beryl occurrence. The Mac Well Project has a land area of 66.9km2, covers the pegmatite occurrence, and is located 10km west of Krakatoa's Dalgaranga Project.

Pegmatites within the application area have been identified by historical pitting. These pegmatites have been logged as containing large crystals of biotite. In addition beryl occurrences are widespread within the Project area. Previous operators suggest that the strong lineaments associated with folding, presence of coarse grained pegmatite, and widespread beryl float, attests to the presence of an intrusive pegmatite body.

The Company plans to compile existing data, including the reprocessing of available geophysical data during the June 2016 quarter.

Bone Bay and Laeya River Tenements (Graphite)

As announced on 18 June 2015, Krakatoa signed a Heads of Agreement with Carbon Carbon Pte Ltd ("Carbon"), providing Krakatoa with an option to acquire a 75% controlling interest in two graphite projects:

- the Bone Bay Graphite Project, a 99.48 ha exploration IUP (Mining Business Licence) located on the coastal road in the strategic mining region and port city of Kolaka, South East Sulawesi, Indonesia.

- the Laeya River Graphite Project, a 98 ha exploration IUP situated within the graphite prospective "Mekongga" geological formation close to the provincial city of Kendari.

Carbon, a Singapore domiciled private company, holds an option to purchase 75% of the total number of issued shares in PT Trans Jawa Sulawesi ("**PT TJS**"), an Indonesian domiciled company which has exploration rights over the Bone Bay Graphite and Laeya River Graphite Projects.

During the March 2016 quarter, Krakatoa continued its comprehensive legal and technical due diligence on PT TJS and the Bone Bay and Laeya River Graphite Projects.

The Company is proposing to complete a trenching and bulk sample collection program during the June 2016 Quarter which will used for floatation testing, followed by analysis of the concentrate applying the Leco method.

BCS Tenement (Iron-Ore)

No work was completed on the BCS Tenement during the March 2016 quarter.

Donggala Tenement (Gold)

In light of the current market conditions, the Company elected to relinquish its stake in the Donggala Project during the March 2016 quarter.

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Corporate

On 15 March 2016, the Company announced completion of a placement to sophisticated investors raising $521,955 through the issue of 3,479,700 fully paid shares at $0.15 per share. The fully paid shares were issued under the Company's placement capacity under Listing Rule 7.1A.

One new listed option exercisable at $0.20 on or before 31 March 2017 will be issued for every two new shares under the placement to the brokers of the placement. The options will be issued upon shareholder approval to be sought at a general meeting to be held on 6 May 2016.

ASX Listing Rule 5.3.3 - Details of Tenements Held at 31 March 2016

Project	Tenement Licence	Interest held at 31 December 2015	Interest acquired/ disposed	Interest held at 31 March 2016
Dalgaranga	P59/2082	-	-	-^
Mac Well	E59/2175	-	-	-^
Bone Bay	IUP No. 188.45/101/2014	-	-	-+
Laeya River	IUP No. 540/257 Tahun 2014	-	-	-+
BCS	IUP No.540/23/IUP/DESDM/BUP-2010	99.8%	-	99.8%
Donggala	IUP No.188.45/0465/DESDM	80%	-	-

+ The Company is party to a Heads of Agreement to acquire an option to purchase 75% of the Shares in PT Trans Jawa Sulawesi.
^ The tenement consists of a single exploration licence application applied for directly by Krakatoa Resources Ltd, with no known impediments towards its grant.

Yours faithfully,

Colin Locke
Executive Chairman

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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