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:

53,992,768 Fully Paid Shares

29,124,518 Listed 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 Graphite, Sulawesi**

Further High Grade Rock Chip Results- Dalgaranga Open Pit

- ***Further high grade rock chip results confirm the tenor of mineralisation at Dalgaranga (P59/2082) including the Open Pit and its immediate environments***
  - ***16D030: 0.92% Li_2O, 0.64% Rb_2O***
  - ***16D032: 226ppm Ta_2O_5, 0.51% Li_2O, 0.84% Rb_2O***
- ***Geological mapping improves geological understanding and extends area of outcropping pegmatite***
- ***Abundant pegmatite identified in the extensions south of the Dalgaranga Open Pit***
- ***New targeting strategies developed from the improved geological understanding.***
- ***Low impact field based exploration at Mac Well (E59/2175) confirms the occurrence of Li-bearing mica's and the presence of suitable pegmatites***
  - ***16D037: 0.32% Li_2O, 488.2ppm NbO.***

Krakatoa Resources Ltd ("Krakatoa" or "the Company", ASX: **KTA**) is pleased to announce further encouraging results in lithium and tantalum from rock chip sampling, and from field mapping undertaken in the extensions to the Dalgaranga Open Pit. The program was to validate and expand upon the existing mapping at Dalgaranga and to undertake a reconnaissance site visit at the Company's new project, Mac Well.

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Dalgaranga Work Program (P59/2082)

Previous sampling by the Company confirmed the tenor of exposed mineralisation within the Dalgaranga open pit, and noted the presence of lithium mica minerals like Zinnwaldite. In the current program, mapping sought to expand upon the geological understanding and potential for hosting extensions to the previously mined tantalum-niobium mineralisation. Former owners Meridian 120 Mining Pty Ltd completed geological mapping over the southern portions of the current Dalgaranga Prospecting License. Krakatoa validated and expanded upon past mapping.

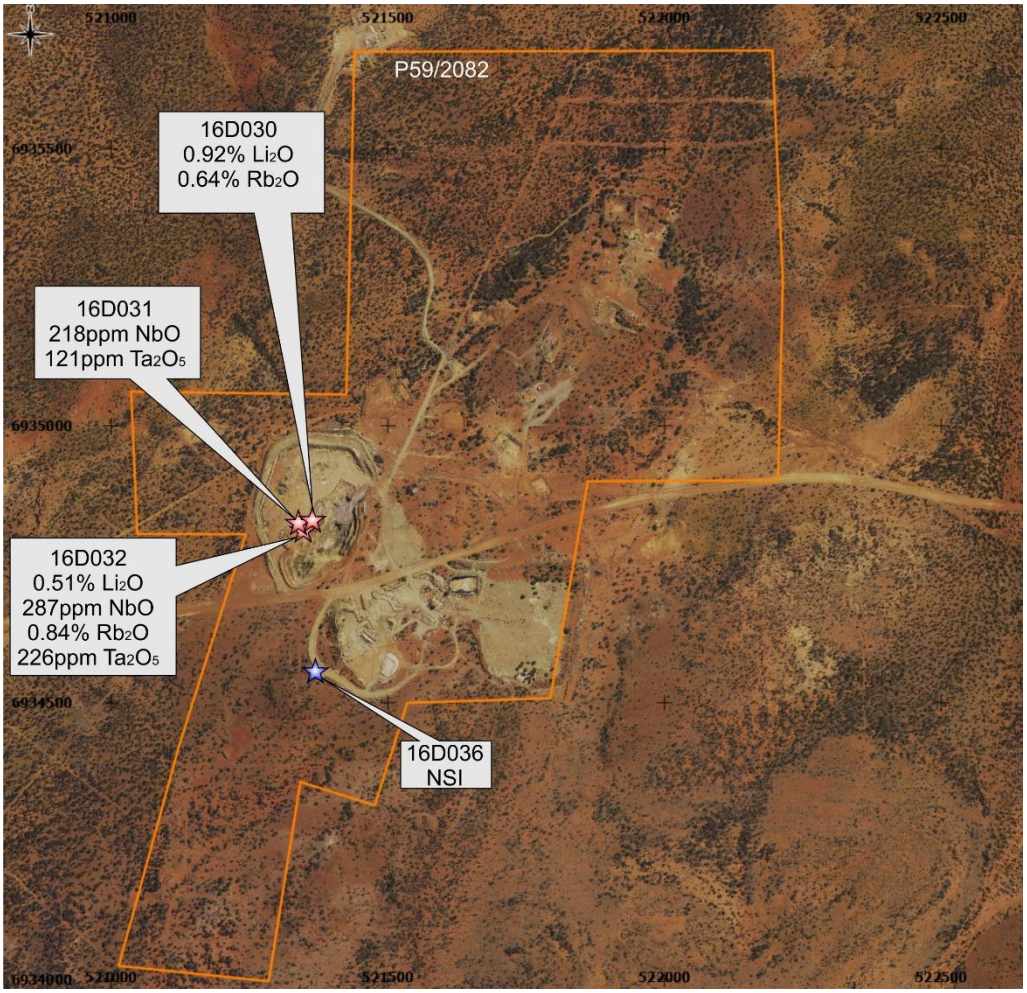

Figure 1: Rock Chip Sampling Locations- Dalgaranga

Krakotoa's mapping suggests the main pegmatite body is locally constrained to the core of a large, SW-plunging antiformal structure. The main rock types include metadolerite and a variably deformed metasedimentary package, which grades from relatively massive siltstones to knotted schists closer to the fold hinge. The

metadolerite crops out extensively adjacent to and south of the open pit, but is limited in outcrop in the north and central portions of the property where extensive alluvium is found.

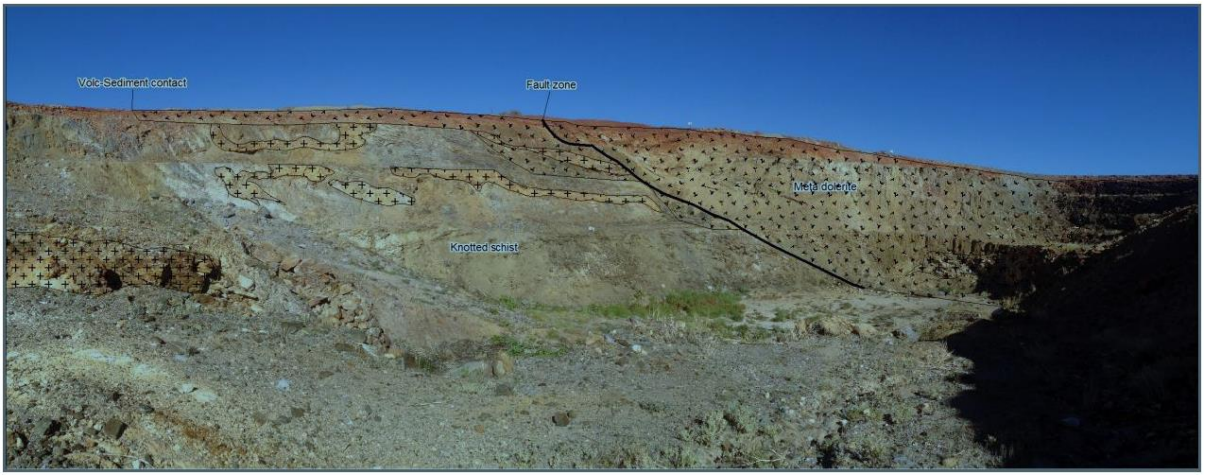

Figure 2: Pit Mapping

Pegmatite has preferentially intruded the metadolerite unit. Its distribution parallels the NE-trending fold axis of the antiform and a series of substantial NE to NNE-trending faults, suggesting they are all related. Small, brownish green, pseudo hexagonal phyllosilicate crystals, thought to be zinnwaldite, were noted in a pegmatite occurrence in the southeast of the project.

Mac Well Work Program (E59/2175)

Field reconnaissance at Mac Well confirmed the presence of suitable pegmatites, and the occurrence of the Li-bearing phyllosilicate, Zinnwaldite. Two samples, 16D037 and 16D038, were collected from shallow fossicking pits. Both samples show evidence for Li enrichment (0.32% and 0.18% Li_2O, respectively). Sample 16D037 also reports significant levels of NbO at 488.2 ppm.

Additional observations include:

- The area is dominated by granite.
- Numerous large xenoliths/inclusions of greenstone exist either as roof pendants or unassimilated inclusions of country rock in granite.
- Graphic textures may be indicative of the apical zone of the granite and possibly indicative of high water, volatile and incompatible element content.

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	East	North	Be ppm	Ce ppm	Cs ppm	Li_2O %	NbO ppm	Rb_2O %	Ta_2O_5 ppm
16D030	521357	6934816	61.95	53.01	434.71	0.92	22.96	0.64	9.18
16D031	521354.6	6934819	5.15	21.93	14.52	0.02	218.06	0.01	120.78
16D032	521349	6934812	96.78	14.42	409.28	0.51	287.06	0.84	226.14
16D036	521368.3	6934553	5.41	2.07	36.09	0.03	6.47	0.15	5.84
16D37	503828	6935842	20.07	188.06	433.56	0.32	488.21	0.17	77.25
16D38	503828	6935842	6.57	132.01	224.6	0.18	91.72	0.16	17.34

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, and at Mac Well 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

Criteria	JORC Code explanation	Comments
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
	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
	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

Criteria	JORC Code explanation	Comments
	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
	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

Criteria	JORC Code explanation	Comments
	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 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. Mac Well, E51/2175 is a tenement application and is 100% held by Krakatoa Resources Ltd. No impediments towards grant of the licences 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 and Exploration Licence Application E51/2175 have 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.

Criteria	JORC Code explanation	Commentary
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
	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

Criteria	JORC Code explanation	Commentary
Data Aggregation Methods	*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 information reported within release including results without significant mineralisation were reported.
	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 conducted.
	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.

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 appropriate sectional views.*	Map of sampling location, historical pit location and mapped pegmatites have been included in body of announcement.
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.