

16 March 2017

## Market Update

Krakatoa Resources Limited (“KTA” or the “Company”) announces that the binding agreement with United Mining Group (“UMG”) to jointly pursue opportunities in the energy sector with the focus on clean energy interests in Australia, as announced to ASX on 17 August 2016, has been terminated by mutual agreement.

In the December 2016 quarter, the Company with its partner UMG and corporate adviser Azure Capital submitted a bid and an expression of interest regarding the potential acquisition of two separate remnant coal assets along with associated rehabilitation works. Both assets included the prospect of implementing certain green energy facilities that would become components of the rehabilitation plans.

Due to several changing circumstances beyond the Company's control, the Board has determined that it is in the best interests of shareholders to discontinue pursuing the two aforementioned projects.

Pursuant to the termination agreement between KTA and UMG, should UMG or any of its related entities become successful in acquiring either of the potential acquisitions outlined above, the Company will receive staged payments of up to \$1,500,000 over a period of 12 months as a reimbursement for funds expended by KTA on the bid processes.

### ASX Reinstatement

The Company is currently working with ASX to seek reinstatement of its securities in a timely manner.

The Company intends to lodge a prospectus imminently to cleanse the 12,548,191 fully paid shares and 12,548,191 options exercisable at \$0.20 on or before 31 March 2017 issued to fund the due diligence and submissions, which ASX deemed a pre-emptive raising as set out in section 3.4 of ASX Guidance Note 12.

Between October and December 2016 the Company raised a total of \$1.88 million. Consistent with the Company's announcements of 7 October 2016 and 5 December 2016, funds were primarily applied towards due diligence costs (including engaging several external professional advisors) of pursuing the clean energy opportunities (~\$1 million in total), with the remainder of funds applied to capital raising costs (~\$130,000), corporate and administration costs (~\$290,000) and Dalgaranga acquisition and exploration costs (~\$80,000).

### Registered office:

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### Board:

Colin Locke (Exec. Chairman)

Aryo Birno (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

### Capital Structure:

55,167,768 Fully Paid Shares

12,548,191 Fully Paid Shares (Not Quoted)

30,124,518 Listed Options @ 20c exp 31/03/17

12,548,191 Listed Options @ 20c exp 31/03/17  
(Not Quoted)

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

10,893,878 Unlisted Options @ 40c exp 12/12/19

### ASX Code:

KTA

KTAOA

### Projects

Dalgaranga, WA, Ta-Li-Sn

Mac Well, WA, Beryl



The Company presently has a cash balance of approximately \$300,000 which will fund the proposed exploration on Dalgaranga and Mac Well set out below.

Since the Company entered voluntary suspension on 8 September 2016, it has continued to maintain its two exploration projects, Dalgaranga and Mac Well, in good standing. The Company recently completed a soil geochemical sampling program across Dalgaranga and Mac Well and is currently awaiting the geochemical analysis results for interpretation.

Going forward, the Company plans to develop and complete infill and extensional geochemical sampling programs across Dalgaranga and Mac Well, as well as obtain permitting and undertake a scout aircore drilling program of defined targets at Dalgaranga.

The Company has also recently decided not to renew its license covering the BCS Iron Ore tenement, concluding its operations within Indonesia to focus on its core projects, Dalgaranga and Mac Well.

The Company maintains sufficient working capital for the medium term with the recent implementation of administrative cost cutting measures.

**FOR FURTHER INFORMATION:**

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